

竹林明堂有限公司

**CHUK LAM MING TONG LIMITED**

**2020**

**REPORT(S) AND ACCOUNTS**



**陳李羅會計師事務所有限公司**

**Chan, Li, Law CPA Limited**

香港執業會計師

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

**竹林明堂有限公司**  
**CHUK LAM MING TONG LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

<b>CONTENTS</b>	<b>PAGES</b>
Report of the Directors	1 to 5
Independent Auditor's Report	6 to 8
Statement of Comprehensive Income and Expenditure	9
Statement of Financial Position	10 and 11
Statement of Changes in Funds and Reserves	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 to 32

**竹林明堂有限公司**  
**CHUK LAM MING TONG LIMITED**  
**REPORT OF THE DIRECTORS**

The directors have pleasure in submitting their annual report together with the audited financial statements of Chuk Lam Ming Tong Limited (the “ Association”) for the year ended 31 March 2020.

**PRINCIPAL ACTIVITIES**

During the year, the Association carried out charitable and Buddhism activities and operated a care and attention home for the aged under the name of Chuk Lam Ming Tong Care and Attention Home for The Aged.

**CHARITABLE DONATIONS**

Charitable donations made by the Association during the year amounted to HK\$18,000 (2019: HK\$18,000).

**RESULTS**

The financial performance and cash flows of the Association for the year ended 31 March 2020 and the financial position of the Association at that date are set out in the financial statements on pages 9 to 32.

**DIRECTORS**

The directors who held office during the financial year and up to the date of this report are :-

So Kay Ben (Alias So Tung Lum) (Permanent director)  
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

## **DIRECTORS (continued)**

In accordance with articles 35 and 36 of the Association's articles of association, the directors, except for the permanent director who shall be entitled to hold office for life, shall hold office for a term of two years. Accordingly, all directors other than the permanent director, who were re-elected at the annual general meeting held on 18 December 2019, will continue to hold office for the ensuing year.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save those transactions as disclosed in note 18 to the financial statements, there were no other transactions, arrangements or contracts of significance to which the Association was a party, and in which the directors of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the year was the Association a party to any arrangement to enable the directors of the Association to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

## **MANAGEMENT CONTRACTS**

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

## **PERMITTED INDEMNITY PROVISIONS**

A permitted indemnity provision for the benefit of the directors of the Association is currently in force and was in force throughout this year.

## **BUSINESS REVIEW**

The Association is a charitable organisation carrying out religious activities and social services. The Association operates the Chuk Lam Ming Tong Care and 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 5 temples in Hong Kong and a worship hall in the Care & Attention Home.

### Religious Operations

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

## **BUSINESS REVIEW (continued)**

### Religious Operations (continued)

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. Upon the outbreak of COVID-19, regular gatherings and classes were suspended until release of gathering restriction by Government.

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.

Through the Extra-ordinary General Meeting (“EGM”) held on 11 October 2019, the Association confirmed the transfer of religious business (including five temples as well as related assets and liabilities of the religious side) to Dundee Charity Association Limited. Five leasehold properties were then assigned to Dundee Charity Association Limited by Deed of Gift on 26 November 2019. Four temples out of five have been transferred to Dundee Charity Association Limited while Kwong Tak temple at Yuen Long is still under processing. Once the religious side is totally transferred, the Association will then become a typical social service organisation caring welfare of the elderly.

### Care and Attention Home for the Aged

As at 31st March 2020, there were 96 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 was around 165 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 prudent control measures applied both to residents, staff and visitors to avoid spreading of COVID-19, flu and infectious disease. The gradual increase in number of dementia or fragile cases leads to 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 reimbursement. The Association has monitored the LSG surplus-reserve at the amount for sustaining half year operations of the C&A Home.

The service standard and quality assurance of the C&A Home is regulated by the Lump Sum Grant Manual (“LSGM”), 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.

## **BUSINESS REVIEW (continued)**

### Care and Attention Home for the Aged (continued)

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 and 15th day of the month. No serious accident was reported during the year.

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 study leaves to take courses recommended by senior management. For maximum participation of staff in job related training, the C&A Home will organise 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. However, gathering for the last quarter was cancelled due to outbreak of COVID-19. Further, family members were invited to join Seasonal Festival Feasts enjoying meals together with residents in the C&A Home except months after February 2020. Feedbacks from residents and their family members were positive and encouraging in appreciating the continuous improvement and upgrading of services.

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 was further revised to hold 263 residents in May 2020. The extension project is still waiting for approval from SWD to proceed to the Technical and Feasibility Study stage before construction plan.

### The Association

The communication between the existing board, management committee and stakeholders was effective and smooth with the assistance of Services Director. Through service improvement of C&A Home and good comments from media, the Association had won trust from SWD and stakeholders on its governance and quality assurance of elderly services. Good comments were received from various departments and SWD after service inspections during the year. The staff turn-over rate is low, and posts were almost filled up that staff forces were always keeping 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 less than 5 members from the public. The term of office for each appointment is two years to ensure stable and consistent monitoring from the Management Committee.

**BUSINESS REVIEW (continued)**The Association

The Association had fulfilled formal procedures in preparing and holding the Annual General Meeting (“AGM”) on 18 December 2019. After the AGM, the Association had filed the updated annual return to Company Registry to comply with statutory requirements. A new Broad of Directors has been elected in the 2019 AGM for an office term of two years till end of 2021.

The litigations initiated by the Association against 10 ex-board members was finally settled. The last ex-board member has reached settlement agreement on 24 June 2020 and the consent summons was sealed on 28 July 2020. The settlement agreement with ex-Administration & Accounts Officer was signed on 19 February 2020 and the sealed consent summons was issued on 18 May 2020. The litigation with ex-Chief Executive is still undergoing and the date for Case Management Conference (“CMC”) is not yet re-scheduled because of outbreak of COVID-19. After the CMC, formal court hearing will be scheduled. For the litigation with former company secretary, settlement agreement is still under discussion and has no progress yet.

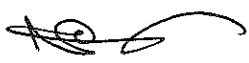
The summary financial information for the year are as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
(Deficit)/surplus for the year		
- General office	(32,140,894)	1,766,067
- Care and Attention Home for the Aged	1,171,660	1,683,648
	<u>(30,969,234)</u>	<u>3,449,715</u>
Reserves at the end of the reporting	<u>47,245,180</u>	<u>78,167,973</u>

**AUDITORS**

The former auditors, Messrs. Tony Kwok Tung Ng & Co., Certified Public Accountants, resigned from office on 14 July 2020 and were replaced by Chan, Li, Law CPA Limited, Certified Public Accountants (Practising), which shall retire in the forthcoming annual general meeting and, being eligible, offers itself for re-appointment.

On behalf of the Board

X  X  
Mr. Ho Shing Tung  
Director  
Hong Kong, 23 September 2020

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CHUK LAM MING TONG LIMITED  
竹林明堂有限公司  
(incorporated in Hong Kong with liability limited by guarantee)**

***Opinion***

We have audited the financial statements of Chuk Lam Ming Tong Limited (the "Association") set out on pages 9 to 32, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income and expenditure, statement of changes in funds and reserves 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, the financial statements give a true and fair view of the financial position of the Association as at 31 March 2020, and of the financial performance and cash flows of the Association 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. The operating surplus has been used in accordance with the relevant land lease requirement.

***Basis for Opinion***

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

***Other Matter***

The financial statements of the Association for the year ended 31 March 2019 were audited by the predecessor auditor who expressed a modified opinion to the financial statements on 16 October 2019.

***Information Other than the Financial Statements and Auditor's Report Thereon***

The directors are responsible for the other information. The other information comprises all the information included in the report of the directors set out on pages 1 to 5, 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. We have nothing to report in this regard.

### ***Responsibilities of Directors 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.

The directors are responsible for overseeing the Association's financial reporting process.

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

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to 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 the report. 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :-



*Chan, Li, Law CPA Limited*

*Certified Public Accountants (Practising)*

陳李羅會計師事務所有限公司

Page 8

- 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.

We communicate with the directors 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.

Chan, Li, Law CPA Limited  
Certified Public Accountants (Practising)  
Hong Kong, 23 September 2020

Kwok Wai Choi Eddie  
Practising Certificate No.: P05451

竹林明堂有限公司  
**CHUK LAM MING TONG LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 31 MARCH 2020**  
*(Expressed in Hong Kong dollars)*

	Note	General office HK\$	Care and Attention Home for the Aged HK\$	2020 HK\$	2019 HK\$
<b>Income</b>					
Sales of medical appliances, paper diaper and milk powder		-	1,643,323	1,643,323	1,439,884
Costs of sales		-	(1,522,719)	(1,522,719)	(1,327,254)
		-	120,604	120,604	112,630
Accommodation		-	3,979,177	3,979,177	3,743,656
Activity income	133,230	-	-	133,230	270,161
Central Items income	-	-	3,546,975	3,546,975	2,907,464
Donation income for general operation	1,423,491	-	155,731	1,579,222	1,711,819
Donation income for renovation works	-	-	36,875	36,875	3,101,110
Government grants	-	-	35,471,009	35,471,009	33,170,627
Interest income	-	-	346,754	346,754	293,638
Membership subscription	2,040	-	-	2,040	2,130
Programme income	-	-	122,127	122,127	145,356
Rental income	-	-	-	-	92,400
Social Welfare Development Fund allocations	-	-	132,700	132,700	667,481
Sundry income	7,663	-	529,518	537,181	297,704
		1,566,424	44,441,470	46,007,894	46,516,176
<b>Expenditure</b>					
Advertising		-	118,575	118,575	114,292
Auditors' remuneration	23,000	52,000	75,000	75,000	92,800
Bank charges	-	18,168	18,168	18,168	13,866
Building management fee	130,098	-	130,098	130,098	116,206
Central Items expenses	-	-	3,267,894	3,267,894	2,907,464
Cleaning expenses	-	-	237,238	237,238	165,249
Contributions to defined contribution retirement plan	-	-	1,470,587	1,470,587	1,422,571
Depreciation	295,792	-	1,496,321	1,792,113	3,813,687
Donation	18,000	-	-	18,000	18,000
Electricity, water and gas	129,786	-	1,528,853	1,658,639	1,664,931
General expenses	38,382	-	144,946	183,328	182,683
Insurance	1,600	-	330,799	332,399	289,926
Legal and professional fees	9,090	-	68,400	77,490	158,000
Medical consultation service by visiting medical officers	-	-	369,000	369,000	104,000
Medical expenses	-	-	529,956	529,956	639,755
Messing	110,765	-	2,259,654	2,370,419	2,142,194
Motor vehicle expenses	-	-	60,941	60,941	74,366
Newspaper	-	-	19,012	19,012	17,197
Pharmaceutical and nutrition care	-	-	234,228	234,228	200,200
Printing, stationery and postage	12,526	-	171,316	183,842	212,755
Programme expenses	-	-	182,737	182,737	244,406
Purchase of personal protective equipment and disinfection supplies	-	-	7,694	7,694	5,823
Rent and rates	35,602	-	234,500	270,102	266,871
Repairs and maintenance	951,409	-	568,085	1,519,494	835,350
Repayment of grants	-	-	-	-	36,514
Salaries and allowances	91,000	-	29,092,311	29,183,311	26,373,072
Speech therapists' services	-	-	-	-	117,500
Store and equipment	1,580	-	350,637	352,217	433,327
Subscription fee of drug packaging system	-	-	250,800	250,800	237,600
Social Welfare Development Fund expenditure	-	-	149,240	149,240	89,658
Telephone	10,040	-	34,468	44,508	51,524
Travelling	1,687	-	21,450	23,137	24,674
		1,860,357	43,269,810	45,130,167	43,066,461
<b>(Deficit)/surplus from operations</b>		(293,933)	1,171,660	877,727	3,449,715
Disposal of assets	7	(31,846,961)	-	(31,846,961)	-
<b>(Deficit)/surplus for the year</b>	4	(32,140,894)	1,171,660	(30,969,234)	3,449,715
<b>Other comprehensive (expenses)/income for the year</b>		-	-	-	-
<b>Total comprehensive (expenses)/income for the year</b>		(32,140,894)	1,171,660	(30,969,234)	3,449,715

The notes on pages 14 to 32 form part of these financial statements.

竹林明堂有限公司  
**CHUK LAM MING TONG LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	13,336,260	45,824,609
		-----	-----
<b>Current assets</b>			
Inventories	9	139,872	111,987
Deposits and prepayments		1,953,980	1,107,674
Accommodation and other receivables		189,484	555,194
SWD Social welfare subvention surplus account	13	-	71,608
Time deposits with original maturities over three months	10	10,476,278	4,693,550
Cash and bank balances	10	24,429,626	29,002,445
		-----	-----
		37,189,240	35,542,458
		-----	-----
<b>Current liability</b>			
Accruals and other payables		1,021,090	1,065,925
Deferred income		936,828	794,520
		-----	-----
		1,957,918	1,860,445
		-----	-----
<b>Net current assets</b>		35,231,322	33,682,013
		-----	-----
<b>Total assets less current liability</b>		48,567,582	79,506,622
		-----	-----
<b>Non-current liability</b>			
Deferred income		(1,322,402)	(1,338,649)
		-----	-----
<b>NET ASSETS – page 11</b>		47,245,180	78,167,973
		=====	=====

竹林明堂有限公司  
**CHUK LAM MING TONG LIMITED**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 31 MARCH 2020**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>NET ASSETS – page 10</b>		<u>47,245,180</u>	<u>78,167,973</u>
<b>FUNDS AND RESERVES</b>			
<b>General office</b>			
Accumulated fund		14,426,597	46,567,491
Aged welfare fund		246,000	246,000
Renovation and construction fund		2,000,000	2,000,000
		<u>16,672,597</u>	<u>48,813,491</u>
<b>Care and Attention Home for the Aged</b>			
Administrative fund		614,620	614,620
Construction fund		3,757,181	13,706,520
SWD Lump sum grant reserve	11	17,239,140	16,689,876
SWD Central items	12	279,081	-
SWD Social welfare development fund	14	690,228	625,814
SWD Provident fund reserve	15	7,145,862	6,492,450
SWD Wi-Fi Project	16	109,555	-
Furniture and equipment replenishment and minor works block grant reserve	17	960,393	642,495
Accumulated excess of expenditure over income		(223,477)	(9,417,293)
		<u>30,572,583</u>	<u>29,354,482</u>
		<u>47,245,180</u>	<u>78,167,973</u>

Approved and authorised for issue by the board of directors on 23 September 2020.

  
 \_\_\_\_\_  
 Mr. Ho Shing Tung  
 Director

  
 \_\_\_\_\_  
 Mr. Yung Kon Ham  
 Director

The notes on pages 14 to 32 form part of these financial statements.

**竹林明堂有限公司**  
**CHUK LAM MING TONG LIMITED**  
**STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2020**  
*(Expressed in Hong Kong dollars)*

	Care and Attention Home for the Aged													
	General office			SWD Central Items reserve (Note 12)	SWD Social Welfare Development Fund (Note 14)	SWD Provident Fund reserve (Note 15)	SWD Wi-Fi Protect (Note 16)	Furniture and equipment replenishment and minor works block grant reserve (Note 17)	Accumulated excess of expenditure over income	Total				
	Accumulated fund	Aged welfare fund	Renovation and construction fund	Administrative fund	Construction fund	SWD Lump Sum Grant reserve (Note 11)	SWD Central Items reserve (Note 12)	SWD Social Welfare Development Fund (Note 14)	SWD Provident Fund reserve (Note 15)	SWD Wi-Fi Protect (Note 16)	Furniture and equipment replenishment and minor works block grant reserve (Note 17)	Accumulated excess of expenditure over income	Total	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 April 2018	44,801,424	246,000	2,000,000	614,620	13,706,520	15,786,310	-	47,991	5,924,816	-	632,514	(9,041,937)	74,718,258	
Surplus for the year	1,766,067	-	-	-	-	903,566	-	577,823	567,634	-	9,981	(375,356)	3,449,715	
Balance at 31 March 2019	46,567,491	246,000	2,000,000	614,620	13,706,520	16,689,876	-	625,814	6,492,450	-	642,495	(9,417,293)	78,167,973	
(Deficit)/surplus for the year	(32,140,894)	-	-	-	(324,956)	549,264	279,081	(10,584)	682,029	109,555	317,898	(430,627)	(30,969,234)	
Clawback and adjustments	-	-	-	-	-	-	-	74,998	(28,617)	-	-	60	46,441	
Transfer to construction fund	-	-	-	-	(9,624,383)	-	-	-	-	-	-	9,624,383	-	
Balance at 31 March 2020	14,426,597	246,000	2,000,000	614,620	3,757,181	17,239,140	279,081	690,228	7,145,862	109,555	960,393	(223,477)	47,245,180	

The notes on pages 14 to 32 form part of these financial statements.

竹林明堂有限公司  
**CHUK LAM MING TONG LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>Cash flows from operating activities</b>			
(Deficit)/surplus for the year		(30,969,234)	3,449,715
Adjustments for :-			
Depreciation		1,792,113	3,813,687
Interest income		(346,754)	(293,638)
Disposal of assets	7	31,846,961	-
<b>Operating surplus before changes in working capital</b>		<u>2,323,086</u>	<u>6,969,764</u>
(Increase)/decrease in inventories		(27,885)	47,982
(Increase)/decrease in deposits and prepayments		(846,306)	1,339,780
Decrease in accommodation and other receivables		365,710	73,922
Decrease/(increase) in social welfare subvention surplus account		71,608	(15,772)
Increase in time deposits with original maturities over three months		(5,782,728)	(3,091,319)
Decrease in accrual and other payables		(44,835)	(708,140)
Increase/(decrease) in deferred income		126,061	(468,927)
<b>Net cash (used in)/generated from operating activities</b>		<u>(3,815,289)</u>	<u>4,147,290</u>
<b>Cash flows from investing activities</b>			
Interest income		346,754	240,079
Purchase of property, plant and equipment		(1,150,725)	(3,543,014)
<b>Net cash used in investing activities</b>		<u>(803,971)</u>	<u>(3,302,935)</u>
<b>Cash flows from financing activities</b>			
Adjustment for prior year expenditure of SWD Social Welfare Development Fund, net	14	74,998	-
Adjustments for prior year grant of SWD Provident Fund reserve, net	15	(28,557)	-
<b>Net cash generated from financing activities</b>		<u>46,441</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(4,572,819)</u>	<u>844,355</u>
<b>Cash and cash equivalents at the beginning of the year</b>		29,002,445	28,158,090
<b>Cash and cash equivalents at the end of the year</b>	10	<u><u>24,429,626</u></u>	<u><u>29,002,445</u></u>

竹林明堂有限公司  
CHUK LAM MING TONG LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020  
(Expressed in Hong Kong dollars)

**1. GENERAL INFORMATION**

Chuk Lam Ming Tong Limited (the “Association”) is a company with liability limited by guarantee and incorporated in Hong Kong, and is a Government subvented and charitable organisation. The registered office of the Association is located at Flat D, 11th Floor, Mandarin Building, 35-43 Bonham Strand East, Hong Kong. During the year, the Association carried out charitable and Buddhism activities and operated a care and attention home for the aged under the name of Chuk Lam Ming Tong Care and Attention Home for The Aged (“C & A Home”). The C & A Home is situated on the site held by the Association under Private Treaty Grant.

**2. LIABILITIES OF MEMBERS**

In accordance with the memorandum of association of the Association, every member shall, in the event of the Association being wound up, contribute such amount as may be required to meet the Association’s liabilities but not exceeding HK\$100.

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the requirements of the Hong Kong Companies Ordinance and the guidelines issued by the Social Welfare Department (“SWD”).

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Basis of preparation of financial statements (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a going concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### (c) Changes in accounting policies and disclosures

The HKICPA has issued a new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Association. Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Association's results and financial position for the current or prior periods have been prepared or presented. The Association has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged. HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Association has initially applied HKFRS 16 as from 1 April 2019. The Association has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of accumulated profits at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below :-

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Changes in accounting policies and disclosures (continued)

##### (i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The new definition of a lease in HKFRS 16 only affects the interest of the leasehold land of the Association previously classified as leasehold properties and construction property.

##### (ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Association is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. The explanation of how the Association applies lessee accounting is disclosed in note 3(k).

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Association reclassified the ownership interest of the leasehold land and building of the Association previously classified as leasehold properties as right-of-use assets. The developments have had no material effect on how the Association's results and financial position for the current or prior periods have been prepared or presented.

#### (d) Property, plant and equipment

Property, plant and equipment with future economic benefits to the Association are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance costs, is normally charged to statement of surplus or deficit in the period in which it is incurred. In situation 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 asset, the expenditure is capitalised as an additional cost of the 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:

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Property, plant and equipment (continued)

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 asset's 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.

#### (e) Accounts and other receivables

A receivable is recognised when the Association's right to consideration is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

#### (f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchases and, where applicable, costs of conversion and other costs that are incurred in bringing the inventories to their present location and condition, is calculated using the first-in-first-out basis method. Net realisable value represents the estimated selling price in ordinary course of operation less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have been within three months of maturity at acquisition.

For the purpose of statement of cash flows, 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.

#### (h) Accounts and other payables

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

#### (i) Related parties

(a) A person, or a close member of that person's family, is related to the Association if that person :-

- (i) has control or joint control over the Association ;
- (ii) has significant influence over the Association ; or
- (iii) is a member of the key management personnel of the Association or a parent of the Association.

(b) An entity is related to the Association if any of the following conditions applies :-

- (i) 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).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Impairment of assets

##### (i) Impairment loss on financial assets

The Association recognises loss allowances for expected credit loss (“ECL”) on other receivables measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Association in accordance with the contract and all the cash flows that the Association expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Association’s historical experience and informed credit assessment and including forward-looking information.

The Association assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Association considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Association in full, without recourse by the Association to actions such as realising security (if any is held); or (2) the financial asset is more than 180 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

##### (ii) Impairment loss on non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts); and
- intangible assets.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Impairment of assets (continued)

##### (i) Impairment loss on non-financial assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

##### Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

##### Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

##### Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### (k) Leased assets

At inception of a contract, the Association assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Leased assets (continued)

##### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Association has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Association recognises a right-of-use asset and a lease liability for the rights and obligations created by all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and lease for which the underlying asset is of low value. The Association recognises the lease payments associated with those short-term leases and leases for which the underlying asset is of low value as an expenses on a straight-lime basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Association will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Association presents right-of-use asset in property, plant and equipment (note 3(d)) and lease liability separately in the statement of financial position.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Leased assets (continued)

##### (ii) As a lessor

When the Association acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Association allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Association is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Association applies the exemption, then the Association classifies the sub-lease as an operating lease.

#### (l) Employee benefits

(a) Salaries, annual bonuses, annual leave and allowances are accrued and recognised as an expense in the year in which the associated services are rendered by employees of the Association.

(b) Contributions to defined contributions retirement schemes, including Mandatory Provident Funds as required under the Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in statement of surplus or deficit as incurred.

#### (m) Provisions and contingencies

Provision are recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the time value of money is material, provision are the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Revenue and other income recognition

The Association recognises revenue from contracts with customers 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. Further details of the Association's revenue and other income recognition policies are as follows :-

- (i) Income from Government and related organisations in the form of transfer of resources in return for past or future compliance with certain conditions relating to the operating activities of the Association are recognised when there is reasonable assurance that the conditions have been complied with ;
- (ii) Operating income including membership fee, programme fee, service and accommodation income are recognised on cash basis ;
- (iii) Donations are recognised when the rights to receive payment are established ;
- (iv) Designated donation income are recognised upon the relevant designated expenses were paid ; and
- (v) Interest income is recognised as it accrues using the effective interest method.

### 4. (DEFICIT)/SURPLUS FOR THE YEAR

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
(Deficit)/surplus for the year is arrived at after charging :-			
Auditors' remuneration		75,000	92,800
Depreciation	8	1,792,113	3,813,687
Staff costs			
- Salaries, wages and other benefits		29,183,311	26,373,072
- Contributions to defined contribution retirement plan		1,470,587	1,422,571
		<u>1,470,587</u>	<u>1,422,571</u>

### 5. DIRECTORS' EMOLUMENTS

No directors' emoluments required to be disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation was incurred by the Association during the current and preceding years.

## 6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Association is an approved charitable organisation and is exempt from tax under section 88 of the Hong Kong Inland Revenue Ordinance.

## 7. DISPOSAL OF ASSETS

The Association is in-progress a restructuring plan. The objective of the restructuring plan is to separate the assets and operations of the religion section and the social service section that originally managed under the Association. Subject to the completion of the restructuring, the social service section will continue to be managed under the Association, while the religion section will be managed under a related organisation, Dundee Charity Association Limited (“Dunde”), which is an approved charitable organisation and is exempt from tax under section 88 of the Hong Kong Inland Revenue Ordinance principally engaged in the provision of charitable and religion activities. Four out of seven directors of Dundee were also the directors of the Association on incorporation.

Pursuant to the extra-ordinary general meeting held on 11 October 2019, the Association resolved to transfer the assets, including six leasehold properties and cash of HK\$7,000,000 being the reserves of the religion section, and the operations related to religion activities (the “Disposal”) to Dundee. Five leasehold properties comprising 4 temples and 1 office together with the related leasehold improvements were disposed of by way of deed of gift signed on 26 November 2019. The Disposal was for no consideration and merely for the objective of the restructuring plan, the decrease in net book value of the Disposal was recognised as disposal of assets. Details of the Disposal during the year are :-

	HK\$
Cost of leasehold properties	35,878,040
Accumulated depreciation	(5,679,893)
	<u>30,198,147</u>
	-----
Cost of leasehold improvements	3,725,223
Accumulated depreciation	(2,076,409)
	<u>1,648,814</u>
	-----
Disposal of assets	<u><u>31,846,961</u></u>

## 8. PROPERTY, PLANT AND EQUIPMENT

	General office				Care and Attention Home for the Aged				Total HK\$
	Leasehold properties HK\$	Furniture and fixtures HK\$	Leasehold improvement HK\$	Construction property HK\$	Leasehold improvement HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Motor vehicles HK\$	
Cost :-									
At 1 April 2018	40,308,001	2,243,041	5,448,099	16,247,813	11,956,710	274,703	7,516,419	1,178,132	85,172,918
Additions	-	745,099	1,957,963	-	17,000	304,972	517,980	-	3,543,014
Disposals	-	-	-	-	-	(13,198)	(356,726)	-	(369,924)
At 1 March 2019	40,308,001	2,988,140	7,406,062	16,247,813	11,973,710	566,477	7,677,673	1,178,132	88,346,008
Additions	-	-	-	-	169,862	233,390	747,473	-	1,150,725
Disposals	-	-	-	-	-	(48,518)	(292,907)	-	(341,425)
Disposal of assets	(35,878,040)	-	(3,725,223)	-	-	-	-	-	(39,603,263)
At 31 March 2020	4,429,961	2,988,140	3,680,839	16,247,813	12,143,572	751,349	8,132,239	1,178,132	49,552,045
Accumulated depreciation :-									
At 1 April 2018	5,154,821	2,166,486	4,771,527	9,299,427	11,040,720	264,060	5,621,637	758,959	39,077,637
Charge for the year	1,466,739	164,331	526,907	324,956	241,949	64,530	940,440	83,834	3,813,686
Written back on disposal	-	-	-	-	-	(13,198)	(356,726)	-	(369,924)
At 1 April 2019	6,621,560	2,330,817	5,298,434	9,624,383	11,282,669	315,392	6,205,351	842,793	42,521,399
Charge for the year	72,564	131,465	91,763	324,956	229,057	111,208	764,032	67,068	1,792,113
Written back on disposal	-	-	-	-	-	(48,518)	(292,907)	-	(341,425)
Disposal of assets	(5,679,893)	-	(2,076,409)	-	-	-	-	-	(7,756,302)
At 31 March 2020	1,014,231	2,462,282	3,313,788	9,949,339	11,511,726	378,082	6,676,476	909,861	36,215,785
Net book value :-									
At 31 March 2020	3,415,730	525,858	367,051	6,298,474	631,846	373,267	1,455,763	268,271	13,336,260
At 31 March 2019	33,686,441	657,323	2,107,628	6,623,430	691,041	251,085	1,472,322	335,339	45,824,609

**8. PROPERTY, PLANT AND EQUIPMENT (continued)**

The net book value of leasehold land and buildings are analysed as follows:-

	<u>Leasehold properties</u> HK\$	<u>Construction property</u> HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
Held in Hong Kong :-				
Under long term lease	3,343,583	-	3,343,583	32,905,107
Under medium term lease	72,147	6,298,474	6,370,621	7,404,764
	<u>3,415,730</u>	<u>6,298,474</u>	<u>9,714,204</u>	<u>40,309,871</u>

The Association's right-of-use assets represented the leasehold properties and construction property carried at depreciated cost. The analysis of the net book value of right-of-use assets by class of underlying asset is as follows :-

	<u>31 March</u> <u>2020</u> HK\$	<u>1 April</u> <u>2019</u> HK\$
Leasehold properties :-		
- Office	3,343,583	7,629,908
- Buddha hall	72,147	26,056,533
Construction property :-		
- Care and Attention Home for the Aged	6,298,474	6,623,430
	<u>9,714,204</u>	<u>40,309,871</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows :-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Depreciation on right-of-use assets	397,520	-
Disposal of assets	31,846,961	-
	<u>32,244,481</u>	<u>0</u>

**9. INVENTORIES**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Medical, milk product, food and paper diaper	139,872	111,987
	<u>139,872</u>	<u>111,987</u>

**10. CASH AND CASH EQUIVALENTS**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Cash and bank balances comprise :-		
Time deposits with original maturity not more than three months	12,884,064	15,989,806
Cash at banks and in hand	11,545,562	13,012,639
Cash and cash equivalents	<u>24,429,626</u>	<u>29,002,445</u>
Time deposits with original maturity over three months	10,476,278	4,693,550
Total cash and bank balances	<u><u>34,905,904</u></u>	<u><u>33,695,995</u></u>

**11. SWD LUMP SUM GRANT RESERVE**

	<u>2020</u> HK\$	<u>2019</u> HK\$
At the beginning of the year	16,689,876	15,786,310
Surplus for the year	549,264	1,060,959
Refund to Government	-	(210,392)
Adjustment for prior year, net	-	52,999
At the end of the year	<u><u>17,239,140</u></u>	<u><u>16,689,876</u></u>

The Social Welfare Department had announced that the clawback arrangement regarding the 25% cap would be resumed for the unused balance of Lump Sum Grant received starting from the year 2007/08. The accumulated unused balance of Lump Sum Grant reserve subject to the clawback arrangement was HK\$9,347,077 (2019: HK\$8,797,814).

**12. SWD CENTRAL ITEMS RESERVE**

	<u>2020</u> HK\$	<u>2019</u> HK\$
At the beginning of the year	-	12,000
Refund to Government	-	(12,000)
Grant received for the year	3,546,975	2,907,464
Expenditure during the year	(3,267,894)	(2,907,464)
At the end of the year	<u><u>279,081</u></u>	<u><u>-</u></u>

Unspent balance of the Central Items reserve is subject to clawback arrangement of the Social Welfare Department.

**13. SWD SOCIAL WELFARE SUBVENTION SURPLUS ACCOUNT**

	<u>2020</u> HK\$	<u>2019</u> HK\$
At the beginning of the year	(71,608)	(67,836)
Refund from Government	71,608	67,836
Grant received for the year	234,500	162,392
Expenditure during the year	(234,500)	(234,000)
At the end of the year	<u>-</u>	<u>(71,608)</u>

Deficit on SWD Social Welfare Subvention Surplus Account will be recovered from the Social Welfare Department.

**14. SWD SOCIAL WELFARE DEVELOPMENT FUND**

	<u>2020</u> HK\$	<u>2019</u> HK\$
At the beginning of the year	625,814	47,991
Add: Allocation from SWDF during the year	132,700	662,300
Interest received during the year	5,956	5,181
Less: Expenditure under SWDF during the year		
Expenditure for projects under Scope A	(149,240)	(89,658)
Adjustment for prior year expenditure	74,998	-
At the end of the year	<u>690,228</u>	<u>625,814</u>

Unspent balance of the SWD Social Welfare Development Fund will have to be returned to the Social Welfare Department.

**15. SWD PROVIDENT FUND RESERVE**

	<u>2020</u> HK\$	<u>2019</u> HK\$
At the beginning of the year	6,492,450	5,924,816
Surplus for the year	682,029	603,222
Transfer from accumulated excess of expenditure over income	-	926
Adjustments for prior year grant, net	(28,557)	(36,514)
Adjustment of understated Provident Fund Contribution paid for previous year	(60)	-
At the end of the year	<u>7,145,862</u>	<u>6,492,450</u>

**16. SWD WI-FI PROJECT**

	Wi-Fi Project 35141-837-4510-0000	
	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
At the beginning of the year	-	-
Add : Lotteries Fund Grant received during the year	109,536	-
Interest income	19	-
At the end of the year	<u>109,555</u>	<u>-</u>

**17. FURNITURE AND EQUIPMENT REPLENISHMENT AND MINOR WORKS BLOCK GRANT RESERVE**

Movement of the furniture and equipment replenishment and minor works block grant reserve :-

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		HK\$	HK\$
At the beginning of the year		642,495	632,514
Add : Block Grant received during the year		536,000	490,000
Interest income		10,118	9,310
		<u>546,118</u>	<u>499,310</u>
Less : Minor works projects		-	79,207
Purchase of furniture and equipment		228,220	410,122
	(a)	<u>228,220</u>	<u>489,329</u>
At the end of the year		<u>960,393</u>	<u>642,495</u>

Note :-

- (a) Expenditure charged to Block Grant during the year was the full expenditure amount, i.e. the actual expenditure incurred in 2019-20.
- (b) Surplus from the Block Grant can only be used for the replenishment of furniture and equipment and minor works. At 31 March 2020, the outstanding commitments in respect of Block Grant Reserve are as follows :-

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Contracted for but not provided in the financial statements	29,250	38,900
Authorised but not contracted for	-	-
	<u>29,250</u>	<u>38,900</u>

**18. RELATED PARTY TRANSACTIONS**

In addition to the transactions and balances which are disclosed elsewhere in these financial statements, the Association had disposed of leasehold properties and related leasehold improvements at net book value of HK\$31,846,961 to a related organisation during the year at consideration of HK\$Nil. The related organisation is an approved charitable organisation and is exempt from tax under section 88 of the Hong Kong Inland Revenue Ordinance principally engaged in the charitable and Buddhism activities. Four out of seven directors of the related organisation were also the directors of the Association at the date of disposal.

**19. CAPITAL COMMITMENTS**

Capital commitment outstanding at the end of the year not provided for in the financial statements was as follows :-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Contracted for		
Initial capital commitment	630,000	-
Less : Progress payment paid during the year	(378,000)	-
At the end of the year	<u>252,000</u>	<u>-</u>
Authorised but not contracted for	<u>-</u>	<u>-</u>

**20. CAPITAL MANAGEMENT**

The Association has no share capital and its capital structure consists of net debt, cash and cash equivalents, comprising funds and reserves stated in the statement of financial position. The Association has no written capital risk management policies and guidelines and the Association manages its capital mainly to ensure the Association will be able to continue as a going concern through the optimisation of the debt and fund balances. No changes were made in the overall strategy during the years ended 31 March 2019 and 31 March 2020. The directors of the Association regularly review and manage its capital to ensure adequacy for both operational and capital need.

**21. FINANCIAL RISK MANAGEMENT**

The Association is exposed to a variety of financial risks which result from both its operating and investing activities. The Association does not have written risk management policies and guidelines. However, the Association introduces conservative strategies on its risk management. The directors meet periodically to analyse and formulate strategies to manage the Association's exposure to market risk, including changes in interest rates, credit risk and liquidity risk.



## 21. FINANCIAL RISK MANAGEMENT (continued)

### (a) Cash flow interest rate risk

The Association's exposure on cash flow interest rate risk mainly arises from the fluctuation of the prevailing market interest rate on its fixed and floating interest rates deposits with banks which are classified as cash and cash equivalents.

#### Summary quantitative data

	<u>2020</u> HK\$('000)	<u>2019</u> HK\$('000)
Floating-rate financial assets		
Time deposits with banks	10,476	4,694
Cash at banks and in hand	24,430	29,002
Net interest-bearing assets	<u>34,906</u>	<u>33,696</u>

#### Sensitivity analysis

At 31 March 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with other variables held constant, would increase/reduce the Association's surplus for the year and increase/decrease the accumulated fund by HK\$349,060 (2019:HK\$336,960) in response to the general increase/decrease in interest rates.

### (b) Credit risk

The Association's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2020 and 2019 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. The Association has policies in place to determine credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Association consider that the Association's credit risk is significantly reduced.

The Association has no significant concentration of credit risk, with exposure spreading over a large number of counterparties and customers.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating banks in the Hong Kong.

### (c) Liquidity risk

The Association manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

## 22. OUTSTANDING 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. The Association is finalising the settlement agreements with most of the counterparties and the directors of the Association have agreed to bear the legal costs and relevant expenses related to the litigations. The directors of the Association consider that any loss suffered by the Association would not be material.

## 23. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the Association's operations and financial statements:

	Effective for accounting period <u>beginning on or after</u>
Amendments to HKAS 1 and 8, Amendments to definition of material	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Amendments for Interest Rate Benchmark Reform	1 January 2020

The Association any has not early adopted these HKFRSs. The Association is in the process of making an assessment of what the impact of these development is expected to be in the period of initial application. 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.