

竹林明堂有限公司

CHUK LAM MING TONG LIMITED

2021

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 2021

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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 2021.

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\$15,000 (2020: HK\$18,000).

RESULTS

The financial performance and cash flows of the Association for the year ended 31 March 2021 and the financial position of the Association at that date are set out in the financial statements on pages 9 to 31.

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) (deceased on 3 September 2021)
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 shall retire from office in the forthcoming annual general meeting and, being eligible, offer themselves for re-election for successive terms of two years.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No 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 is a temple in Hong Kong and a worship hall in the C&A Home.

Religious Operations

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

BUSINESS REVIEW (continued)

Religious Operations (continued)

The temples were mainly financed by donations from followers and believers. All workforces in the temple were taken by volunteers at different level of religious ranks.

Kwong Tak temple at Yuen Long is still under processing to handover to Dunde Charity Association Limited. There is still two construction works on correction of barrier-free path to pagoda and restoration of a wall from intruding government land by end of 2021. These are the last items for clearance of non-authorized structures. After completion of recovering building structures back to original layout plan, the handover to Dune Charity Association Limited will be proceeded. Once the religious part is totally transferred, Chuk Lam Ming Tong will then become a typical social service organization concentrated on welfare of the elderly.

Care and Attention Home for the Aged

As at 31 March, 2021, there were 100 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 average number of residents living in the C&A Home is 162 during the year since new residents assigned by SWD through the Central Registry System were delayed due to outbreak of COVID-19.

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 (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 keeps to supporting energy saving through ensuring proper use of air-conditioners and heaters. For waste reduction, re-cyclers were invited to collect used papers and non-functioning electronic devices. 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 the 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.

BUSINESS REVIEW (continued)

Care and Attention Home for the Aged (continued)

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 (or Zoom meetings) with our professional staffs to engage family members to support caring plan for residents whenever necessary. Due to outbreak of COVID-19, Zoom meetings were held quarterly with family members of residents to update current operations and collecting feedbacks. Feedbacks from residents and their family members were positive and encouraging in appreciating keeping humanistic quality services under COVID-19.

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 organize in-house training whenever necessary. Every staff was provided \$1,000 per year for self-development initiated by the staff.

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. The layout plan for the proposal is further revised to match with the Standard of Accommodation for holding 260 residents. The extension project is still waiting for approval from SWD to proceed to the Technical & Feasibility Study stage before detail construction plan.

The Association

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. The staff turn-over rate is low and posts were almost filled up that staff forces were always keeping at full strength. Good comments were received from services users and their family members.

In order to strengthen service monitoring and governance of the C&A Home, the Management Committee of C&A Home was appointed by Board of Directors from three sources, including 5 member from the Board, 5 members from related temples, 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.

The Association had fulfilled formal procedures in preparing and holding the Annual General Meeting (AGM) on 19th December, 2020. After the AGM, the Association had filed the updated Annual Return to Company Registry to comply with statutory requirements. A new board of Directors will be elected in the coming 2021 AGM for an office term of two years till end of 2023.

The litigation with ex-Chief Executive is still undergoing and the date for trial in High Court was scheduled on 24 May 2022. For the litigation with former company secretary, settlement agreement is still under discussion and has no progress yet.

BUSINESS REVIEW (continued)The Association (continued)

The summary financial information for the year are as follows:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Surplus/(deficit) for the year		
- General office	(390,230)	(32,140,894)
- Care and Attention Home for the Aged	757,359	1,171,660
	<u>367,129</u>	<u>(30,969,234)</u>
Reserves at the end of the reporting period	<u>47,333,228</u>	<u>47,245,180</u>

AUDITORS

The financial statements were audited by Chan, Li, Law CPA Limited, Certified Public Accountants (Practising), which retires and, being eligible, offers itself for re-appointment.

On behalf of the Board



Mr. So Kam Chiu

Director

Hong Kong,

21 OCT 2021



Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
陳李羅會計師事務所有限公司

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**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 31, which comprise the statement of financial position as at 31 March 2021, 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 2021, 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 ("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 opinion.

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



Chan, Li, Law CPA Limited

Certified Public Accountants (Practising)

陳李羅會計師事務所有限公司

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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 :-

- 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



Chan, Li, Law CPA Limited

Certified Public Accountants (Practising)

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

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, 21 OCT 2021

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 2021
(Expressed in Hong Kong dollars)

	Note	General office HK\$	Care and Attention Home for the Aged HK\$	2021 HK\$	2020 HK\$
Income					
Sales of medical appliances, paper diaper and milk powder		-	1,703,764	1,703,764	1,643,323
Costs of sales		-	(1,471,502)	(1,471,502)	(1,522,719)
		-	232,262	232,262	120,604
Accommodation		-	4,032,952	4,032,952	3,979,177
Activity income		-	-	-	133,230
Central Items income		-	3,416,198	3,416,198	3,546,975
Donation income for general operation		429,140	320,321	749,461	1,579,222
Donation income for renovation works		180,000	20,610	200,610	36,875
Government grants		-	37,098,459	37,098,459	35,471,009
Interest income		-	169,583	169,583	346,754
Membership subscription		1,740	-	1,740	2,040
Programme income		-	43,495	43,495	122,127
Social Welfare Development Fund allocations		-	47,000	47,000	132,700
Sundry income		680	360,090	360,770	537,181
		611,560	45,740,970	46,352,530	46,007,894
Expenditure					
Advertising		7,600	18,917	26,517	118,575
Auditors' remuneration		9,000	74,130	83,130	75,000
Bank charges		-	20,190	20,190	18,168
Building management fee		15,840	-	15,840	130,098
Central Items expenses		-	3,416,198	3,416,198	3,267,894
Cleaning expenses		-	602,347	602,347	237,238
Contributions to defined contribution retirement plan		-	1,518,751	1,518,751	1,470,587
Depreciation		295,792	1,928,571	2,224,363	1,792,113
Donation		15,000	-	15,000	18,000
Electricity, water and gas		38,576	1,357,381	1,395,957	1,658,639
General expenses		12,021	40,425	52,446	183,328
Insurance		-	444,984	444,984	332,399
Legal and professional fees		196,600	1,200	197,800	77,490
Medical consultation service by visiting medical officers		-	399,200	399,200	369,000
Medical expenses		-	909,534	909,534	529,956
Messing		11,821	2,471,764	2,483,585	2,370,419
Motor vehicle expenses		-	63,088	63,088	60,941
Newspaper		-	17,649	17,649	19,012
Pharmaceutical and nutrition care		-	139,380	139,380	234,228
Physiotherapy		-	192,920	192,920	-
Printing, stationery and postage		593	111,326	111,919	183,842
Programme expenses		-	126,327	126,327	182,737
Purchase of personal protective equipment and disinfection supplies		-	4,000	4,000	7,694
Government rent and rates		16,800	224,000	240,800	270,102
Repairs and maintenance		270,121	521,170	791,291	1,519,494
Salaries and allowances		91,000	29,536,073	29,627,073	29,183,311
Speech therapists' services		-	57,076	57,076	-
Store and equipment		-	360,592	360,592	352,217
Subscription fee of drug packaging system		-	282,401	282,401	250,800
Social Welfare Development Fund expenditure		-	85,655	85,655	149,240
Telephone		7,756	39,339	47,095	44,508
Travelling		13,270	19,023	32,293	23,137
		1,001,790	44,983,611	45,985,401	45,130,167
Surplus/(deficit) from operations		(390,230)	757,359	367,129	877,727
Disposal of assets	7	-	-	-	(31,846,961)
Surplus/(deficit) for the year	4	(390,230)	757,359	367,129	(30,969,234)
Other comprehensive income/(expenses) for the year		-	-	-	-
Total comprehensive income/(expenses) for the year		(390,230)	757,359	367,129	(30,969,234)

The notes on pages 14 to 31 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 2021
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2021</u> HK\$	<u>2020</u> HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	8	13,803,416	13,336,260
		-----	-----
Current assets			
Inventories	9	114,720	139,872
Deposits and prepayments		1,961,544	1,953,980
Accommodation and other receivables		2,360,933	189,484
Time deposits with original maturities over three months	10	6,732,941	10,476,278
Cash and cash equivalents	10	27,169,583	24,429,626
		-----	-----
		38,339,721	37,189,240
		-----	-----
Current liabilities			
Accruals and other payables		1,273,497	1,021,090
Deferred income		1,189,387	936,828
		-----	-----
		2,462,884	1,957,918
		-----	-----
Net current assets		35,876,837	35,231,322
		-----	-----
Total assets less current liabilities		49,680,253	48,567,582
		-----	-----
Non-current liability			
Deferred income		(2,347,025)	(1,322,402)
		-----	-----
NET ASSETS – page 11		47,333,228	47,245,180
		=====	=====

The notes on pages 14 to 31 form part of these financial statements.

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2021
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2021</u> HK\$	<u>2020</u> HK\$
NET ASSETS – page 10		47,333,228	47,245,180
		=====	=====
FUNDS AND RESERVES			
General office			
Accumulated fund		14,036,367	14,426,597
Aged welfare fund		246,000	246,000
Renovation and construction fund		2,000,000	2,000,000
		<u>16,282,367</u>	<u>16,672,597</u>
		-----	-----
Care and Attention Home for the Aged			
Administrative fund		614,620	614,620
Construction fund		3,432,224	3,757,181
SWD Lump Sum Grant reserve	11	17,315,175	17,239,140
SWD Central Items	12	-	279,081
SWD Social Welfare Development Fund	13	652,807	690,228
SWD Provident Fund reserve	14	7,791,084	7,145,862
Other funds	16	66,888	109,555
Furniture and equipment replenishment and minor works block grant reserve	15	1,111,189	960,393
Accumulated surplus/(excess of expenditure over income)		66,874	(223,477)
		<u>31,050,861</u>	<u>30,572,583</u>
		=====	=====
		47,333,228	47,245,180
		=====	=====

Approved and authorised for issue by the board of directors on **21 OCT 2021**


 Mr. So Kam Chiu
 Director


 Mr. Yung Kon Ham
 Director

The notes on pages 14 to 31 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 2021
(Expressed in Hong Kong dollars)

General office													
	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 13)	SWD Provident Fund reserve (Note 14)	Furniture and equipment replenishment and minor works block grant reserve (Note 15)	Other funds (Note 16)	Accumulated surplus/ (excess of expenditure over income)	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 April 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	317,898	109,555	(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	960,393	109,555	(223,477)	47,245,180
Surplus/(deficit) for the year	(390,230)	-	-	-	(324,957)	165,568	-	(37,421)	571,162	150,796	(42,667)	274,878	367,129
Clawback and adjustments	-	-	-	-	-	(89,533)	(279,081)	-	74,060	-	-	15,473	(279,081)
Balance at 31 March 2021	14,036,367	246,000	2,000,000	614,620	3,432,224	17,315,175	-	652,807	7,791,084	1,111,189	66,888	66,874	47,333,228

The notes on pages 14 to 31 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 2021
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2021</u> <u>HK\$</u>	<u>2020</u> <u>HK\$</u>
Cash flows from operating activities			
Surplus/(deficit) for the year		367,129	(30,969,234)
Adjustments for :-			
Depreciation		2,224,363	1,792,113
Interest income		(169,583)	(346,754)
Disposal of assets		-	31,846,961
Operating surplus before changes in working capital		<u>2,421,909</u>	<u>2,323,086</u>
Decrease/(increase) in inventories		25,152	(27,885)
Increase in deposits and prepayments		(7,564)	(846,306)
(Increase)/decrease in accommodation and other receivables		(2,171,449)	365,710
Decrease in social welfare subvention surplus account		-	71,608
Decrease/(increase) in time deposits with original maturities over three months		3,743,337	(5,782,728)
Increase/(decrease) in accrual and other payables		252,407	(44,835)
Increase in deferred income		1,277,182	126,061
Net cash generated from/(used in) operating activities		<u>5,540,974</u>	<u>(3,815,289)</u>
Cash flows from investing activities			
Interest income		169,583	346,754
Purchase of property, plant and equipment		(2,691,519)	(1,150,725)
Net cash used in investing activities		<u>(2,521,936)</u>	<u>(803,971)</u>
Cash flows from financing activities			
Adjustment for prior year expenditure of SWD Social Welfare Development Fund, net	13	-	74,998
Adjustments for prior year grant of SWD Provident Fund reserve, net	14	-	(28,557)
Adjustments for prior year grant of SWD Central Items reserve, net	12	(279,081)	-
Net cash (used in)/generated from financing activities		<u>(279,081)</u>	<u>46,441</u>
Net increase/(decrease) in cash and cash equivalents		<u>2,739,957</u>	<u>(4,572,819)</u>
Cash and cash equivalents at the beginning of the year		24,429,626	29,002,445
Cash and cash equivalents at the end of the year	10	<u>27,169,583</u>	<u>24,429,626</u>

The notes on pages 14 to 31 form part of these financial statements.

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(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. The number of members as at 31 March 2021 was 157 (2020 : 157).

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 HKFRSs has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Association. None of these impact on the accounting policies of the Association.

The Association has not applied any amendments to HKFRSs that is not yet effective for the current accounting period.

(d) 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.

(e) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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:

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.

(g) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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).
 - (viii) The entity, or any member of a group 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.

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Inventories (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

(l) 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.

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.

Rentals for leases that have a lease term of 12 months or less ("short-term leases") are charged to profit or loss on the straight-line basis over the lease terms.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leased assets (continued)

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 and lease liability separately in the consolidated statement of financial position.

(m) Employee benefits

- (a) Salaries, annual bonuses, paid annual leave, contribution to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (b) The Association participates in approved defined contribution schemes for retirement benefits of employees – Mandatory Provident Fund (MPF) Scheme under Mandatory Provident Fund Scheme Ordinance. The contributions payable to the Association's defined contribution scheme are charged to profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue and other income recognition

Income is classified by the Association as revenue when it arises from the provision of services in the ordinary course of the Association's business.

Revenue is recognised when control over a service is transferred to the customer, at the amount of promised consideration to which the Association is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

- (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. SURPLUS/(DEFICIT) FOR THE YEAR

	<u>Note</u>	<u>2021</u> HK\$	<u>2020</u> HK\$
Surplus/(deficit) for the year is arrived at after charging :-			
Auditors' remuneration		83,130	75,000
Depreciation	8	2,224,363	1,792,113
Staff costs			
- Salaries, wages and other benefits		29,627,073	29,183,311
- Contributions to defined contribution retirement plan		1,518,751	1,470,587
		=====	=====

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. No further disposal off the assets during the year, details of the Disposal during the preceding year were :-

	<u>2020</u> 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 improvements HK\$	Construction property HK\$	Leasehold improvements HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Motor vehicles HK\$	
Cost :-									
At 1 April 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 1 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
Additions	-	-	-	-	1,107,631	13,850	1,570,038	-	2,691,519
Disposals	-	-	-	-	-	-	(155,120)	-	(155,120)
At 31 March 2021	4,429,961	2,988,140	3,680,839	16,247,813	13,251,203	765,199	9,547,157	1,178,132	52,088,444
Accumulated depreciation :-									
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
Charge for the year	72,565	131,465	91,762	324,956	425,842	113,106	1,011,013	53,654	2,224,363
Written back on disposal	-	-	-	-	-	-	(155,120)	-	(155,120)
At 31 March 2021	1,086,796	2,593,747	3,405,550	10,274,295	11,937,568	491,188	7,532,369	963,515	38,285,028
Net book value :-									
At 31 March 2021	3,343,165	394,393	275,289	5,973,518	1,313,635	274,011	2,014,788	214,617	13,803,416
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

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>2021</u> HK\$	<u>2020</u> HK\$
Held in Hong Kong :-				
Under long term lease	3,273,793	-	3,273,793	3,343,583
Under medium term lease	69,372	5,973,518	6,042,890	6,370,621
	<u>3,343,165</u>	<u>5,973,518</u>	<u>9,316,683</u>	<u>9,714,204</u>

The Association's right-of-use assets represented the leasehold properties and construction property carried at depreciated cost. There were no additions to right-of-use assets and no cash outflow for leases during the current and preceding years. 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>2021</u> HK\$	<u>1 April</u> <u>2020</u> HK\$
Leasehold properties :-		
- Office	3,273,793	3,343,583
- Buddha hall	69,372	72,147
Construction property :-		
- Care and Attention Home for the Aged	5,973,518	6,298,474
	<u>9,316,683</u>	<u>9,714,204</u>

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

	<u>2021</u> HK\$	<u>2020</u> HK\$
Depreciation on right-of-use assets	397,521	397,520
Disposal of assets	-	31,846,961
	<u>397,521</u>	<u>31,846,961</u>

9. INVENTORIES

	<u>2021</u> HK\$	<u>2020</u> HK\$
Medical, milk product, food and paper diaper	114,720	139,872
	<u>114,720</u>	<u>139,872</u>

10. CASH AND CASH EQUIVALENTS

	<u>2021</u> HK\$	<u>2020</u> HK\$
Cash and bank balances comprise :-		
Time deposits with original maturity not more than three months	16,883,142	12,884,064
Cash at banks and in hand - General office	8,479,300	8,275,617
Cash at banks and in hand - Care and Attention Home for the Aged	1,807,141	3,269,945
Cash and cash equivalents	<u>27,169,583</u>	<u>24,429,626</u>
Time deposits with original maturity over three months	6,732,941	10,476,278
Total cash and bank balances	<u><u>33,902,524</u></u>	<u><u>34,905,904</u></u>

11. SWD LUMP SUM GRANT RESERVE

	<u>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year	17,239,140	16,689,876
Surplus for the year	165,568	549,264
Adjustment for prior year deficit	(89,533)	-
At the end of the year	<u><u>17,315,175</u></u>	<u><u>17,239,140</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\$9,423,112 (2020: HK\$9,347,077).

12. SWD CENTRAL ITEMS RESERVE

	<u>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year	279,081	-
Grant received for the year	3,416,198	3,546,975
Expenditure during the year	(3,416,198)	(3,267,894)
Clawback to SWD	(279,081)	-
At the end of the year	<u><u>-</u></u>	<u><u>279,081</u></u>

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

13. SWD SOCIAL WELFARE DEVELOPMENT FUND

	<u>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year	690,228	625,814
Add: Allocation from SWDF during the year	47,000	132,700
Interest received during the year	1,234	5,956
Less: Expenditure		
Expenditure for projects under Scope A	(85,655)	(149,240)
Adjustment for prior year expenditure	-	74,998
At the end of the year	<u>652,807</u>	<u>690,228</u>

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

14. SWD PROVIDENT FUND RESERVE

	<u>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year	7,145,862	6,492,450
Surplus for the year	571,162	682,029
Adjustment for prior year deficit	74,060	-
Adjustments for prior year grant, net	-	(28,557)
Adjustment of understated Provident Fund		
Contribution paid for previous year	-	(60)
At the end of the year	<u>7,791,084</u>	<u>7,145,862</u>

15. 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>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year		960,393	642,495
Add : Block Grant received during the year		566,000	536,000
Interest income		3,973	10,118
		<u>569,973</u>	<u>546,118</u>
Less : Purchase of furniture and equipment	(a)	419,177	228,220
At the end of the year		<u>1,111,189</u>	<u>960,393</u>

15. FURNITURE AND EQUIPMENT REPLENISHMENT AND MINOR WORKS BLOCK GRANT RESERVE (continued)

Note :-

- (a) Expenditure charged to Block Grant during the year was the full expenditure amount, i.e. the actual expenditure incurred in 2020-21.
- (b) Surplus from the Block Grant can only be used for the replenishment of furniture and equipment and minor works. At 31 March 2021, the outstanding commitments in respect of Block Grant Reserve are as follows :-

	<u>2021</u> HK\$	<u>2020</u> HK\$
Contracted for but not provided in the financial statements	-	29,250
Authorised but not contracted for	-	-
	<u>-</u>	<u>29,250</u>

16. OTHER FUNDS

	<u>2021</u> HK\$	<u>2020</u> HK\$
SWD Wi-Fi Project – Note (a)	15,264	109,555
Time-Limited Programme on Enhancing Infection Control and Ventilation of Residential Care homes for Elderly - Note (b)	31,224	-
Compulsory Testing Allowance - Note (c)	20,400	-
	<u>66,888</u>	<u>109,555</u>

(a) SWD Wi-Fi Project

	35141-837-4510-0000	
	<u>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year	109,555	-
Add : Lotteries Fund Grant received during the year	19,536	109,536
Interest income	-	19
Less : Expenditure		
- Technical set-up and installation cost	(106,820)	-
- Operating expenses	(7,007)	-
At the end of the year	<u>15,264</u>	<u>109,555</u>

(b) Time-Limited Programme on Enhancing Infection Control and Ventilation of Residential Care homes for Elderly

	<u>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year	-	-
Lotteries Fund Grant received during the year	31,224	-
At the end of the year	<u>31,224</u>	<u>-</u>

16. OTHER FUNDS (continued)**(c) Compulsory Testing Allowance**

	<u>2021</u> HK\$	<u>2020</u> HK\$
At the beginning of the year	-	-
Add : SWD Fund Grant received during the year	98,000	-
Less : Expenditure		
- Operating expenses	(77,600)	-
At the end of the year	<u>20,400</u>	<u>-</u>

17. 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\$Nil (2020:HK\$31,846,961) to a related organisation during the year at consideration of HK\$Nil (2020: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.

18. CAPITAL COMMITMENTS

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

	<u>2021</u> HK\$	<u>2020</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>-</u>	<u>252,000</u>
Authorised but not contracted for	<u>-</u>	<u>-</u>

19. 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 2020 and 31 March 2021. The directors of the Association regularly review and manage its capital to ensure adequacy for both operational and capital need.

20. 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.

(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>2021</u> HK\$('000)	<u>2020</u> HK\$('000)
Floating-rate financial assets		
Time deposits with banks	6,733	10,476
Cash at banks and in hand	27,160	24,430
Net interest-bearing assets	<u>33,893</u>	<u>34,906</u>

Sensitivity analysis

At 31 March 2021, 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\$338,930 (2020:HK\$349,060) 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 2021 and 2020 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.

21. 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.

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

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, Insurance Contracts, which are not yet effective for the year ended 31 March 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Association.

	Effective for accounting period <u>beginning on or after</u>
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Association has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its financial performances of operations and financial position.

