

竹林明堂有限公司

CHUK LAM MING TONG LIMITED

2022

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 2022**

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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 2022.

**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\$Nil (2021: HK\$15,000).

**RESULTS**

The financial performance and cash flows of the Association for the year ended 31 March 2022 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	(resigned on 1 January 2022)
Cheung Kam Kwai	(resigned on 1 January 2022)
Cheung Kin Keung	
Chow Pui Yi	(resigned on 1 January 2022)
Chu Tak Sang	(resigned on 1 January 2022)
Chui Hing Lok, Boris	
Ho Shing Tung	
Lai Kang Bor	(resigned on 1 January 2022)
Ng Chung Wah	
So Kam Chiu, Stewart	
Tang King Man	
Wan Shau King	(resigned on 1 January 2022)
Yeung Po Kei, Percy	(resigned on 1 January 2022)
Yung Kon Ham	
Ho Mau Yuen, Michael	(appointed on 1 January 2022)
So Mun Yee, Sonia	(appointed on 1 January 2022)

## **DIRECTORS (continued)**

Chan Yuen Yee, Cheung Kam Kwai, Chow Pui Yi, Chu Tak Sang, Lai Kang Bor, Wan Shau King and Yeung Po Kei, Percy resigned as directors of the Association due to their personal reasons. They have confirmed that they have no disagreement with the board of directors and nothing relating to the affairs of the Association needed to be brought to the attention of the members of the Association.

In accordance with articles 35 and 36 of the Association's articles of association, the directors, shall hold office for a term of two years. Accordingly, all the remaining directors, who were re-elected at the annual general meeting held on 11 December 2021 or newly appointed on 1 January 2022 will continue to hold office for the ensuing year.

## **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 charity organization providing social services primarily for the elderlies. The Association operates the Chuk Lam Ming Tong Care & Attention Home for the Aged (C&A Home) which is a welfare service unit fully subsidized by the Social Welfare Department (SWD). The Association also operates a temple located in Yuen Long and a worship hall in the Care & Attention Home.

## **BUSINESS REVIEW (continued)**

### Religious Operations

The Kwong Tak Temple in Yuen Long provides a platform for integrative study of mainstream religions emphasizing on learning wisdom about life and truth of traditional values on moral ethics. Through practicing doctrines and learnings, followers and believers can enlighten their true heart and insight of true self. The temple was mainly financed by donations from followers and believers. All works and duties in the temple were shared by those followers and believers on voluntary basis. Upon the outbreak of COVID-19, regular gatherings and classes have been suspended until full relaxation of social distancing measures imposed by the Government.

### Religious Operations (continued)

The transfer of Kwong Tak Temple to Dunde Charity Association Limited is still in progress. After completion of restoring the barrier-free path to pagoda, being the last clearance item of unauthorized structures, the handover arrangement to Dune Charity Association Limited will be further proceeded. Once the transfer is completed, Chuk Lam Ming Tong Limited will become a typical social service organization focusing on welfare services.

### Care and Attention Home for the Aged

As at 31 March 2022, there were approximately 100 staff serving in the C&A Home, providing nursing care, rehabilitation services (physiotherapy & occupational therapy), social work and residential services. The average number of residents living in the C&A Home is 163 during the year since new residents assigned by SWD via the Standardised Care Need Assessment Mechanism for Elderly Services (SCNAMES) were delayed due to outbreak of COVID-19.

A major concern area in the C&A Home is infection control as residents are becoming weaker while undergo aging. Prudent control measures have been carried out rigorously to residents, staff and visitors to avoid spreading of COVID-19, flu and other infectious diseases. The gradual increase in the number of dementia or fragile cases leads to higher demand of manpower to offer intensive care. In order to cope with such challenges, application of Gerontechnology and advanced Rehabilitation equipment is essential in releasing manpower for providing the necessary care.

The Individual Care Plan for each resident has been updated periodically via joint effort of service divisions, including social work, nursing and rehabilitation. Family joint-interviews (either physical or Zoom meetings) with our professional staffs have been organized regularly to engage family members to support tailor-made caring plan. Following the outbreak of COVID-19, Zoom meetings have also been held quarterly with family members of residents to provide updates of our operations and to collect feedbacks. Feedbacks from residents and their family members have been positive and encouraging in appreciation of keeping humanistic services under COVID-19.

The C&A Home has set up organization structure and pay scales based on manpower demand while coping with market competition. Staff salaries points is taken reference to the Master Pay Scale (MPS) of the Government's civil services. To facilitate on-going development of staff and participation in job-related training, the C&A Home organizes regular in-house training covering a wide spectrum of topics. The staff turnover rate has been satisfactorily low and staff forces has always been kept at full strength.

## **BUSINESS REVIEW (continued)**

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

The C&A Home strictly adopted the chemical waste (drugs) disposal policy and guidelines set by the Government. All the facilities were maintained and operated in accordance with relevant guidelines and regulations from the Government to provide a safe living environment for the residents and good working environment for staff. The diets have been designed with advice from nutritionist and our catering operation has strictly followed the hygiene and food safety requirements. Vegetarian meals are provided as a day-to-day alternative to the residents and on every Monday, as well as on the 1 and 15 day of the Lunar month to the entire C&A Home.

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 is provided monthly, quarterly as well as by re-imbursement bases. The Association follows guidelines from SWD to keep LSG Surplus as a reserve in ensuring adequate funding for three months' operation 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 the SWD. These are also the governing requirements for the continuation of full financial support from Government.

The C&A Home plans to build an extension block adjacent to the existing building under the Special Scheme of Social Welfare Department. The layout plan for the proposal is under revision to match with the Standard of Accommodation for hosting around 80 additional residents. The extension project will be further proceeded with an application of Lotteries Fund for Technical & Feasibility Study before finalization of a detail construction plan. Furthermore, as the existing elevator is too small for emergency rescue bed transit, the C&A Home has initiated an application to the Lotteries Fund for installing a larger size external lift.

### The Association

In order to strengthen the service monitoring and governance of the C&A Home, the Board of Directors has appointed a Management Committee of C&A Home. Members of the Committee are largely from three sources, including members from the Board, members from related temples, and professionals from the public. The term of office for each appointment is set at two years to ensure operational stability and consistent monitoring.

The Association had fulfilled formal procedures in preparing and holding the Annual General Meeting (AGM) on 11 December 2021. After the AGM, the Association had filed the updated Annual Return to Company Registry to comply with statutory requirements. A new board of Directors was elected in the 2021 AGM for an office term of two years till end of 2023.

The trial of the court proceedings with ex-Chief Executive was heard in High Court on 24 to 27 May 2022. The Judgment was handed down on 18 August 2022 in which the Court has found in favor of the Association for a number of claims and dismissed all the counterclaims raised by the Defendant. For the litigation with the former company secretary, the Association has been in negotiation with him for a settlement.

**BUSINESS REVIEW (continued)**The Association (continued)

The summary financial information for the year are as follows:

	<u>2022</u> HK\$	<u>2021</u> HK\$
(Deficit)/Surplus for the year		
- General office	(567,400)	(390,230)
- Care and Attention Home for the Aged	483,439	757,359
	<u>(83,961)</u>	<u>367,129</u>
Reserves at the end of the reporting period	<u>47,249,267</u>	<u>47,333,228</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. Yung Kon Ham  
Director

Hong Kong, 26 October 2022



**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 2022, 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 2022, 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.

***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.





*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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### ***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***

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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



*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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- 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, 26 October 2022

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 2022**  
*(Expressed in Hong Kong dollars)*

	Note	General office HK\$	Care and Attention Home for the Aged HK\$	2022 HK\$	2021 HK\$
<b>Income</b>					
Sales of medical appliances, paper diaper and milk powder		-	1,576,263	1,576,263	1,703,764
Costs of sales		-	(1,426,105)	(1,426,105)	(1,471,502)
		-	150,158	150,158	232,262
Accommodation		-	4,089,022	4,089,022	4,032,952
Central Items income		-	2,957,499	2,957,499	3,416,198
Donation income for general operation	247,339	480,711	728,050	749,461	
Donation income for renovation works	-	3,630	3,630	200,610	
Government grants	-	37,515,044	37,515,044	37,098,459	
Interest income	-	34,013	34,013	169,583	
Membership subscription	1,710	-	1,710	1,740	
Programme income	-	79,238	79,238	43,495	
Social Welfare Development Fund allocations	-	39,889	39,889	47,000	
Sundry income	1,179	610,333	611,512	360,770	
		250,228	45,959,537	46,209,765	46,352,530
<b>Expenditure</b>					
Advertising	8,000	28,766	36,766	26,517	
Auditors' remuneration	9,000	76,330	85,330	83,130	
Bank charges	-	13,983	13,983	20,190	
Building management fee	15,840	-	15,840	15,840	
Central Items expenses	-	2,957,499	2,957,499	3,416,198	
Cleaning expenses	-	497,921	497,921	602,347	
Contributions to defined contribution retirement plan	-	1,537,146	1,537,146	1,518,751	
Depreciation	272,851	1,755,812	2,028,663	2,224,363	
Donation	-	-	-	15,000	
Electricity, water and gas	56,919	1,560,418	1,617,337	1,395,957	
Expenditure of COVID-19 Special allowance	-	497,315	497,315	-	
General expenses	7,088	13,833	20,921	52,446	
Impairment on trade receivables	-	3,392	3,392	-	
Insurance	136	513,260	513,396	444,984	
Legal and professional fees	6,495	50,700	57,195	197,800	
Loss on disposal of properties, plant and equipment	-	2,392	2,392	-	
Medical consultation service by visiting medical officers	-	392,000	392,000	399,200	
Medical expenses	-	1,088,827	1,088,827	909,534	
Messing	17,053	2,529,907	2,546,960	2,483,585	
Motor vehicle expenses	-	93,764	93,764	63,088	
Newspaper	-	15,075	15,075	17,649	
Pharmaceutical and nutrition care	-	138,060	138,060	139,380	
Physiotherapy	-	-	-	192,920	
Printing, stationery and postage	-	124,110	124,110	111,919	
Programme expenses	-	121,641	121,641	126,327	
Purchase of personal protective equipment and disinfection supplies	-	36,432	36,432	4,000	
Government rent and rates	17,510	203,000	220,510	240,800	
Repairs and maintenance	327,992	746,703	1,074,695	791,291	
Salaries and allowances	72,000	30,032,967	30,104,967	29,627,073	
Speech therapists' services	-	16,800	16,800	57,076	
Store and equipment	-	321,397	321,397	360,592	
Subscription fee of drug packaging system	-	-	-	282,401	
Social Welfare Development Fund expenditure	-	11,900	11,900	85,655	
Telephone	5,640	67,935	73,575	47,095	
Travelling	1,104	26,813	27,917	32,293	
		817,628	45,476,098	46,293,726	45,985,401
<b>(Deficit)/surplus for the year</b>	4	(567,400)	483,439	(83,961)	367,129
<b>Other comprehensive (expenses)/income for the year</b>		-	-	-	-
<b>Total comprehensive (expenses)/income for the year</b>		(567,400)	483,439	(83,961)	367,129

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 2022**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	13,056,853	13,803,416
		<u>                    </u>	<u>                    </u>
<b>Current assets</b>			
Inventories	8	189,723	114,720
Deposits and prepayments		1,595,687	1,961,544
Accommodation and other receivables		2,663,138	2,360,933
Time deposits with original maturities over three months	9	2,499,700	6,732,941
Cash and cash equivalents	9	38,289,937	27,169,583
		<u>45,238,185</u>	<u>38,339,721</u>
		<u>                    </u>	<u>                    </u>
<b>Current liabilities</b>			
Accruals and other payables		7,599,595	1,075,955
Receipt in advance		-	197,542
Deferred income		1,227,698	1,189,387
		<u>8,827,293</u>	<u>2,462,884</u>
		<u>                    </u>	<u>                    </u>
<b>Net current assets</b>		<u>36,410,892</u>	<u>35,876,837</u>
		<u>                    </u>	<u>                    </u>
<b>Total assets less current liabilities</b>		<u>49,467,745</u>	<u>49,680,253</u>
		<u>                    </u>	<u>                    </u>
<b>Non-current liability</b>			
Deferred income		(2,218,478)	(2,347,025)
		<u>                    </u>	<u>                    </u>
<b>NET ASSETS – page 11</b>		<u>47,249,267</u>	<u>47,333,228</u>
		<u>                    </u>	<u>                    </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**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 31 MARCH 2022**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>NET ASSETS – page 10</b>		<u>47,249,267</u>	<u>47,333,228</u>
<b>FUNDS AND RESERVES</b>			
<b>General office</b>			
Accumulated fund		13,468,967	14,036,367
Aged welfare fund		246,000	246,000
Renovation and construction fund		2,000,000	2,000,000
		<u>15,714,967</u>	<u>16,282,367</u>
<b>Care and Attention Home for the Aged</b>			
Administrative fund		614,620	614,620
Construction fund		3,107,268	3,432,224
SWD Lump Sum Grant reserve	10	17,430,203	17,315,175
SWD Central Items	11	(20,102)	-
SWD Social Welfare Development Fund	12	56,320	652,807
SWD Provident Fund reserve	13	8,289,781	7,791,084
Other funds	15	196,801	66,888
Furniture and equipment replenishment and minor works block grant reserve	14	1,428,559	1,111,189
Accumulated surplus/(excess of expenditure over income)		430,850	66,874
		<u>31,534,300</u>	<u>31,050,861</u>
		<u>47,249,267</u>	<u>47,333,228</u>

Approved and authorised for issue by the board of directors on 26 October 2022

  
 Mr. Yung Kon Ham  
 Director

  
 Mr. Ho Shing Tung  
 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 2022**  
*(Expressed in Hong Kong dollars)*

	General office			Care and Attention Home for the Aged									
	Accumulated	Aged	Renovation	Administrative	Construction	SWD Lump	SWD	SWD	SWD	Furniture and		Accumulated	
	<u>fund</u>	welfare	and	<u>fund</u>	<u>fund</u>	Sum Grant	Central	Social	Provident	equipment		surplus/	
		<u>fund</u>	construction			<u>reserve</u>	Items	Welfare	Fund	replenishment		(excess of	
			<u>fund</u>			(Note 10)	(Note 11)	Development	<u>reserve</u>	and minor		expenditure	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	(Note 12)	(Note 13)	works block	Other funds	over income)	Total
								HK\$	HK\$	grant reserve	(Note 15)	HK\$	HK\$
Balance at 1 April 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
(Deficit)/surplus for the year	(567,400)	-	-	-	(324,956)	168,186	(20,102)	(596,487)	580,141	317,370	136,337	222,950	(83,961)
Clawback and adjustments	-	-	-	-	-	(53,158)	-	-	(81,444)	-	(6,424)	141,026	-
Balance at 31 March 2022	13,468,967	246,000	2,000,000	614,620	3,107,268	17,430,203	(20,102)	56,320	8,289,781	1,428,559	196,801	430,850	47,249,267

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 2022**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>Cash flows from operating activities</b>			
(Deficit)/surplus for the year		(83,961)	367,129
Adjustments for :-			
Depreciation		2,028,663	2,224,363
Impairment loss on trade receivable		3,392	-
Interest income		(34,013)	(169,583)
Loss on disposal of properties, plant and equipment		2,392	-
<b>Operating surplus before changes in working capital</b>		<u>1,916,473</u>	<u>2,421,909</u>
(Increase)/decrease in inventories		(75,003)	25,152
Decrease/(increase) in deposits and prepayments		376,226	(7,564)
Increase in accommodation and other receivables		(305,597)	(2,171,449)
Decrease in time deposits with original maturities over three months		4,233,241	3,743,337
Increase in accrual and other payables		6,326,098	252,407
(Decrease)/increase in deferred income		(90,236)	1,277,182
<b>Net cash generated from operating activities</b>		<u>12,381,202</u>	<u>5,540,974</u>
<b>Cash flows from investing activities</b>			
Interest income		34,013	169,583
Purchase of property, plant and equipment		(1,284,492)	(2,691,519)
<b>Net cash used in investing activities</b>		<u>(1,250,479)</u>	<u>(2,521,936)</u>
<b>Cash flows from financing activities</b>			
Adjustments for prior year grant of SWD Central Items reserve, net	11	-	(279,081)
<b>Net cash used in financing activities</b>		<u>-</u>	<u>(279,081)</u>
<b>Net increase in cash and cash equivalents</b>		<u>11,130,723</u>	<u>2,739,957</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>27,169,583</u>	<u>24,429,626</u>
<b>Cash and cash equivalents at the end of the year</b>	9	<u><u>38,300,306</u></u>	<u><u>27,169,583</u></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 2022 was 157 (2021 : 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 certain 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. (DEFICIT)/SURPLUS FOR THE YEAR

	<u>Note</u>	<u>2022</u> <u>HK\$</u>	<u>2021</u> <u>HK\$</u>
(Deficit)/surplus for the year is arrived at after charging :-			
Auditors' remuneration		85,330	83,130
Depreciation	7	2,028,663	2,224,363
Impairment loss on trade receivable		3,392	-
Loss on disposal of properties, plant and equipment		2,392	-
Staff costs			
- Salaries, wages and other benefits		30,104,967	29,627,073
- Contributions to defined contribution retirement plan		1,537,146	1,518,751
		<u>=====</u>	<u>=====</u>
and after crediting :-			
Bank interest income		<u>34,013</u>	<u>169,583</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. PROPERTY, PLANT AND EQUIPMENT

	General office			Care and Attention Home for the Aged					Total HK\$
	<u>Leasehold properties</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Leasehold improvements</u> HK\$	<u>Construction property</u> HK\$	<u>Leasehold improvements</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Office equipment</u> HK\$	<u>Motor vehicles</u> HK\$	
Cost :-									
At 1 April 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 1 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
Additions	-	-	-	-	266,400	59,239	958,853	-	1,284,492
Disposals	-	-	-	-	-	(6,700)	(439,936)	-	(446,636)
At 31 March 2022	4,429,961	2,988,140	3,680,839	16,247,813	13,517,603	817,738	10,066,074	1,178,132	52,926,300
Accumulated depreciation :-									
At 1 April 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
Charge for the year	72,565	131,465	68,822	324,956	403,381	123,198	861,353	42,923	2,028,663
Written back on disposal	-	-	-	-	-	(6,700)	(437,544)	-	(444,244)
At 31 March 2022	1,159,361	2,725,212	3,474,372	10,599,251	12,340,949	607,686	7,956,178	1,006,438	39,869,447
Net book value :-									
At 31 March 2022	3,270,600	262,928	206,467	5,648,562	1,176,654	210,052	2,109,896	171,694	13,056,853
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

**7. 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>2022</u> HK\$	<u>2021</u> HK\$
Held in Hong Kong :-				
Under long term lease	3,204,003	-	3,204,003	3,273,793
Under medium term lease	66,597	5,648,562	5,715,159	6,042,890
	<u>3,270,600</u>	<u>5,648,562</u>	<u>8,919,162</u>	<u>9,316,683</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 2022</u> HK\$	<u>1 April 2021</u> HK\$
Leasehold properties :-		
- Office	3,204,003	3,273,793
- Buddha hall	66,597	69,372
Construction property :-		
- Care and Attention Home for the Aged	5,648,562	5,973,518
	<u>8,919,162</u>	<u>9,316,683</u>

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

	<u>2022</u> HK\$	<u>2021</u> HK\$
Depreciation on right-of-use assets	<u>397,521</u>	<u>397,521</u>

**8. INVENTORIES**

	<u>2022</u> HK\$	<u>2021</u> HK\$
Medical, milk product, food and paper diaper	<u>189,723</u>	<u>114,720</u>

**9. CASH AND CASH EQUIVALENTS**

	<u>2022</u> HK\$	<u>2021</u> HK\$
Cash and bank balances comprise :-		
Time deposits with original maturity not more than three months	17,200,237	16,883,142
Cash at banks and in hand - General office	11,279,780	8,479,300
Cash at banks and in hand - Care and Attention Home for the Aged	9,809,920	1,807,141
Cash and cash equivalents	<u>38,289,937</u>	<u>27,169,583</u>
Time deposits with original maturity over three months	2,499,700	6,732,941
Total cash and bank balances	<u><u>40,789,637</u></u>	<u><u>33,902,524</u></u>

**10. SWD LUMP SUM GRANT RESERVE**

	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	17,315,175	17,239,140
Surplus for the year	168,186	165,568
Adjustment for prior year deficit	(53,158)	(89,533)
At the end of the year	<u><u>17,430,203</u></u>	<u><u>17,315,175</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\$9,538,141 (2021: HK\$9,423,112).

**11. SWD CENTRAL ITEMS RESERVE**

	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	-	279,081
Grant received for the year	2,890,081	3,416,198
Expenditure paid during the year	(2,910,183)	(3,416,198)
Clawback to SWD	-	(279,081)
At the end of the year	<u><u>(20,102)</u></u>	<u><u>-</u></u>

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

**12. SWD SOCIAL WELFARE DEVELOPMENT FUND**

	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	652,807	690,228
Add: Allocation from SWDF during the year	42,720	47,000
Interest received during the year	384	1,234
Less: Expenditure		
Expenditure for projects under Scope A	(11,900)	(85,655)
Expenditure for projects under Scope B	(627,691)	-
At the end of the year	<u>56,320</u>	<u>652,807</u>

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

**13. SWD PROVIDENT FUND RESERVE**

	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	7,791,084	7,145,862
Surplus for the year	552,767	571,162
Adjustment for prior year (surplus)/deficit	(81,444)	74,060
Adjustment of understated Provident Fund		
Contribution paid for previous year	27,374	-
At the end of the year	<u>8,289,781</u>	<u>7,791,084</u>

**14. 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>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year		1,111,189	960,393
Add : Block Grant received during the year		570,000	566,000
Interest income		629	3,973
		<u>570,629</u>	<u>569,973</u>
Less : Purchase of furniture and equipment	(a)	253,259	419,177
At the end of the year		<u>1,428,559</u>	<u>1,111,189</u>

**14. 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 2021-22.
- (b) Surplus from the Block Grant can only be used for the replenishment of furniture and equipment and minor works.

**15. OTHER FUNDS**

	<u>2022</u> HK\$	<u>2021</u> HK\$
SWD Wi-Fi Project – Note (a)	6,801	15,264
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
One-off Subsidy for Strengthened Provision of Visiting Medical Officer Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities - Note (d)	190,000	-
	<u>196,801</u>	<u>66,888</u>

(a) SWD Wi-Fi Project

	35141-837-4510-0000	
	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	15,264	109,555
Add : Lotteries Fund Grant received during the year	19,536	19,536
Less : Expenditure		
- Technical set-up and installation cost	-	(106,820)
- Operating expenses	(27,999)	(7,007)
At the end of the year	<u>6,801</u>	<u>15,264</u>

**15. OTHER FUNDS (continued)****(b) Time-Limited Programme on Enhancing Infection Control and Ventilation of Residential Care homes for Elderly**

	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	31,224	-
Lotteries Fund Grant received during the year	-	31,224
Less : Expenditure		
- Operating expenses	(24,800)	-
Clawback to SWD	(6,424)	-
At the end of the year	<u>-</u>	<u>31,224</u>

**(c) Compulsory Testing Allowance**

	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	20,400	-
Add : SWD Fund Grant received during the year	-	98,000
Less : Expenditure		
- Operating expenses	(20,400)	(77,600)
At the end of the year	<u>-</u>	<u>20,400</u>

**(d) One-off Subsidy for Strengthened Provision of Visiting Medical Officer Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities**

	<u>2022</u> HK\$	<u>2021</u> HK\$
At the beginning of the year	-	-
Add : SWD Fund Grant received during the year	195,000	-
Less : Expenditure		
- Operating expenses	(5,000)	-
At the end of the year	<u>190,000</u>	<u>-</u>

## 16. 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 2021 and 31 March 2022. The directors of the Association regularly review and manage its capital to ensure adequacy for both operational and capital need.

## 17. 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>2022</u> HK\$('000)	<u>2021</u> HK\$('000)
Floating-rate financial assets		
Time deposits with banks	2,500	6,733
Cash at banks and in hand	38,300	27,160
Net interest-bearing assets	<u>40,800</u>	<u>33,893</u>

#### Sensitivity analysis

At 31 March 2022, 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\$408,000 (2021:HK\$338,930) in response to the general increase/decrease in interest rates.

## 17. FINANCIAL RISK MANAGEMENT (continued)

### (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 2022 and 2021 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.

## 18. OUTSTANDING LITIGATION

The Association is involved in litigation in Hong Kong relating to dispute with former company secretary of the Association. The Association has reached the settlement agreement with former company secretary and the directors of the Association have agreed to bear the legal costs and relevant expenses related to the litigation. The Association will not responsible for the said costs.



## 19. 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 2022 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
Amendments to HKAS 1, Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Definition of accounting estimates	1 January 2023
Amendments to HKFRS 12, Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

The Association is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.