

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
2024

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 2024

| CONTENTS | PAGES |
|---|--------------|
| Report of the Directors | 1 to 5 |
| Independent Auditor's Report | 6 to 8 |
| Statement of Comprehensive Income and Expenditure | 9 |
| Statement of Financial Position | 10 and 11 |
| Statement of Changes in Funds and Reserves | 12 |
| Statement of Cash Flows | 13 |
| Notes to the Financial Statements | 14 to 36 |

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

The directors submit herewith their annual report together with the audited financial statements of Chuk Lam Ming Tong Limited (the “Association”) for the year ended 31 March 2024.

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.

RESULTS

The financial performance and cash flows of the Association for the year ended 31 March 2024 and the financial position of the Association at that date are set out in the financial statements on pages 9 to 36.

DIRECTORS

The directors who held office during the financial year were :-

| | |
|-------------------------|-------------------------------|
| Cheung Kin Keung | |
| Chui Hing Lok, Boris | |
| Ho Mau Yuen, Michael | |
| Ho Shing Tung | |
| Ng Chung Wah | |
| So Mun Yee, Sonia | |
| Tang King Man | |
| So Kam Chiu, Stewart | (resigned on 1 January 2024) |
| Yung Kon Ham | (resigned on 1 January 2024) |
| Chung Chun Fung Raymond | (appointed on 1 January 2024) |
| So Doh Hang Daniel | (appointed on 1 January 2024) |

So Kam Chiu, Stewart and Yung Kon Ham 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, 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 the remaining directors, who were re-elected at the annual general meeting held on 14 December 2023 or newly appointed on 1 January 2024 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 organisation providing social services primarily for the elderly. 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.

Religious Operations

The Kwong Tak Temple in Yuen Long provides a platform for integrative study of mainstream religions emphasizing on studying wisdom about life and values of traditional moral ethics. Regular gatherings and classes are held to facilitate learning of doctrines and learnings, followers and believers can then enrich their minds and insights about life and truth. The temple was mainly financed by donations from followers and believers. All works and duties in the temple were shared by followers and believers on voluntary basis.

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.

BUSINESS REVIEW (continued)Care and Attention Home for the Aged

As at 31 March 2024, there were approximately 98 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 155 during the year. New residents were assigned by SWD via the Standardised Care Need Assessment Mechanism for Elderly Services (SCNAMES) when vacancy was reported to the allocation system.

Infection control keeps to be the main concern in the C&A Home as more and more residents becoming weak and frail. Prudent control measures keeps carrying out rigorously to residents, staff and visitors to avoid spreading of COVID-19, flu and other infectious diseases. The increase in the number of dementia or frail cases leads to higher manpower tension in providing intensive care. In order to lighten strain in manpower, more application of Gerontechnology and advanced Rehabilitation equipment is deployed.

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 professional staffs have been organized regularly to engage family members to support tailor-made caring plan. The C&A Home keeps to have regular contacts with family members of residents to provide updates of residents and service operations. Feedbacks from residents and their family members have been positive and encouraging.

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.

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 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 choice for residents. To encourage taking vegetarian diet, the whole C&A Home will take vegetarian meals for every Monday, as well as on the 1 and 15 day of the Lunar calendar.

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-imburement 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.

BUSINESS REVIEW (continued)Care and Attention Home for the Aged (continued)

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 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 revised to match with the Standard of Accommodation for hosting around 80 additional residents. The extension project has succeeded in applying Lotteries Fund for carrying out a Technical & Feasibility Study before drafting detail construction plan.

Furthermore, as the existing elevator is too small for emergency rescue bed transit, the C&A Home has initiated application to Lotteries Fund for appointing Authorized Person (AP) for applying installation of a medical purpose 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 temple, 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 14 December 2023. 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 2023 AGM for an office term of two years till end of 2025.

The litigation with ex-Chief Executive was finished while court judgement in favor of the Association was issued on 18 August 2022. About claiming of legal costs from ex-Chief Executive is still undergoing taxation of fees. For the litigation with the former company secretary, the Association has reached consensus with the Defendant and the case was settled. During the year, there were litigations between the Association and its former solicitor on dispute over the service charges.

The Association (continued)

The summary financial information for the year are as follows:

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|---|---------------------|---------------------|
| Deficit for the year | | |
| - General office | (2,086,131) | (331,743) |
| - Care and Attention Home for the Aged | (4,023,804) | (1,141,979) |
| | <u>(6,109,935)</u> | <u>(1,473,722)</u> |
| Reserves at the end of the reporting period | <u>38,877,610</u> | <u>44,987,545</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. Ho Shing Tung
Director

Hong Kong, 28 October 2024

**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 36, which comprise the statement of financial position as at 31 March 2024, 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 2024, 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.



HEAD OFFICE: (總行)

Unit 1009, 10/F., Chinachem Golden Plaza,
77 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.
Tel: (852) 2545 6399 Fax: (852) 2545 3851
香港九龍尖沙咀麼地道77號華懋廣場10樓1009室

YUEN LONG BRANCH: (分行)

Room 803, 8/F., Shing Shun Building,
43 Castle Peak Road, Yuen Long, N.T., Hong Kong.
Tel: (852) 2479 5989 Fax: (852) 2479 6577
香港新界元朗青山公路43號誠信商業大廈8樓803室

E-mail: info@chanlilaw.com.hk
Webstie: www.chanlilaw.com.hk

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.
- 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, 28 October 2024

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 2024
(Expressed in Hong Kong dollars)

| | Note | General office HK\$ | Care and Attention Home for the Aged HK\$ | 2024 HK\$ | 2023 HK\$ |
|---|------|------------------------|--|--------------|--------------|
| Income | | | | | |
| Sales of medical appliances, paper diaper and milk powder | | - | 1,661,819 | 1,661,819 | 1,363,163 |
| Costs of sales | | - | (1,402,742) | (1,402,742) | (1,108,747) |
| | | - | 259,077 | 259,077 | 254,416 |
| Accommodation | | - | 3,844,456 | 3,844,456 | 3,808,220 |
| Donation income for general operation | | 313,410 | 72,224 | 385,634 | 530,032 |
| Donation income for renovation works and staff messing | | - | 1,000 | 1,000 | - |
| Government grants | 5 | - | 40,814,882 | 40,814,882 | 41,658,699 |
| Interest income | | 693 | 428,957 | 429,650 | 316,995 |
| Membership subscription | | 2,500 | - | 2,500 | 1,650 |
| Programme income | | 235,939 | 69,967 | 305,906 | 58,749 |
| Sundry income | | 392 | 729,776 | 730,168 | 407,162 |
| | | 552,934 | 46,220,339 | 46,773,273 | 47,035,923 |
| Expenditure | | | | | |
| Advertising | | - | 62,537 | 62,537 | 40,214 |
| Auditors' remuneration | | 9,000 | 71,800 | 80,800 | 81,900 |
| Bank charges | | 2,735 | 5,873 | 8,608 | 10,751 |
| Building management fee | | 15,840 | - | 15,840 | 15,840 |
| Central Items expenses | | - | 3,205,246 | 3,205,246 | 2,824,190 |
| Cleaning expenses | | - | 303,165 | 303,165 | 282,420 |
| Contributions to defined contribution retirement plan | | - | 1,615,987 | 1,615,987 | 1,581,758 |
| Depreciation | | 245,240 | 2,236,917 | 2,482,157 | 2,265,437 |
| Electricity, water and gas | | 47,496 | 1,977,033 | 2,024,529 | 1,901,446 |
| Expenditure of COVID-19 special allowance | | - | - | - | 2,026,385 |
| General expenses | | 3,937 | 378,344 | 382,281 | 126,271 |
| Insurance | | 319 | 458,230 | 458,549 | 405,569 |
| Medical consultation service by visiting medical officers | | - | 367,532 | 367,532 | 372,000 |
| Medical expenses | | - | 397,043 | 397,043 | 404,007 |
| Messing | | 46,142 | 2,651,559 | 2,697,701 | 2,446,562 |
| Motor vehicle expenses | | - | 72,965 | 72,965 | 85,773 |
| Newspaper | | - | 15,664 | 15,664 | 13,867 |
| Physiotherapy, pharmaceutical and nutrition care | | - | 2,306,530 | 2,306,530 | 343,390 |
| Printing, stationery and postage | | 1,074 | 94,370 | 95,444 | 136,794 |
| Professional fees | | 411,639 | 44,818 | 456,457 | 153,215 |
| Programme expenses | | 184,610 | 94,650 | 279,260 | 98,784 |
| Government rent and rates | | 21,902 | 215,266 | 237,168 | 219,604 |
| Repairs and maintenance | | 1,606,295 | 694,951 | 2,301,246 | 820,621 |
| Salaries and allowances | | 36,000 | 32,242,287 | 32,278,287 | 31,506,226 |
| Store and equipment | | - | 593,562 | 593,562 | 232,588 |
| Social Welfare Development Fund expenditure | | - | - | - | 2,400 |
| Telephone | | 6,836 | 95,531 | 102,367 | 78,155 |
| Travelling | | - | 42,283 | 42,283 | 33,478 |
| | | 2,639,065 | 50,244,143 | 52,883,208 | 48,509,645 |
| Deficit for the year | 6 | (2,086,131) | (4,023,804) | (6,109,935) | (1,473,722) |
| Other comprehensive expenses for the year | | - | - | - | - |
| Total comprehensive expenses for the year | | (2,086,131) | (4,023,804) | (6,109,935) | (1,473,722) |

The notes on pages 14 to 36 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 2024
(Expressed in Hong Kong dollars)

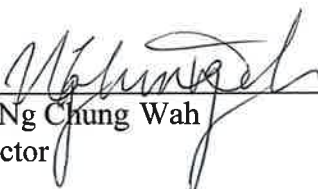
| | <u>Note</u> | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|--|-------------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 12,628,873 | 12,681,090 |
| | | ----- | ----- |
| Current assets | | | |
| Inventories | 10 | 111,528 | 126,871 |
| Deposits and prepayments | | 895,333 | 719,034 |
| Accommodation and other receivables | | 832,571 | 634,932 |
| Time deposits with original maturities over three months | 11 | - | 2,528,789 |
| Cash and cash equivalents | 11 | 29,911,077 | 33,012,197 |
| | | ----- | ----- |
| | | 31,750,509 | 37,021,823 |
| | | ----- | ----- |
| Current liabilities | | | |
| Accruals and other payables | | 1,244,433 | 995,790 |
| Deferred income | | 1,692,993 | 1,434,982 |
| | | ----- | ----- |
| | | 2,937,426 | 2,430,772 |
| | | ----- | ----- |
| Net current assets | | 28,813,083 | 34,591,051 |
| | | ----- | ----- |
| Total assets less current liabilities | | 41,441,956 | 47,272,141 |
| | | ----- | ----- |
| Non-current liability | | | |
| Deferred income | | (2,564,346) | (2,284,596) |
| | | ----- | ----- |
| NET ASSETS – page 11 | | 38,877,610 | 44,987,545 |
| | | ===== | ===== |

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2024
(Expressed in Hong Kong dollars)

| | <u>Note</u> | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|---|-------------|---------------------|---------------------|
| NET ASSETS – page 10 | | <u>38,877,610</u> | <u>44,987,545</u> |
| FUNDS AND RESERVES | | | |
| General office | | | |
| Accumulated fund | | 11,051,093 | 13,137,224 |
| Aged welfare fund | | 246,000 | 246,000 |
| Renovation and construction fund | | 2,000,000 | 2,000,000 |
| | | <u>13,297,093</u> | <u>15,383,224</u> |
| Care and Attention Home for the Aged | | | |
| Administrative fund | | 614,620 | 614,620 |
| Construction fund | | 2,457,356 | 2,782,312 |
| SWD Lump Sum Grant reserve | 12 | 7,959,245 | 8,639,095 |
| SWD Central Items | 13 | (536,826) | (54,144) |
| SWD Social Welfare Development Fund | 14 | 59,164 | 58,721 |
| SWD Provident Fund reserve | 15 | 9,433,254 | 8,832,336 |
| SWD Holding Account | 17 | 5,971,865 | 7,892,063 |
| Furniture and equipment replenishment and minor works block grant reserve | 16 | 479,403 | 1,264,743 |
| Excess of expenditure over income | | (857,564) | (425,425) |
| | | <u>25,580,517</u> | <u>29,604,321</u> |
| | | <u>38,877,610</u> | <u>44,987,545</u> |

Approved and authorised for issue by the board of directors on 28 October 2024


 Mr. Ho Shing Tung
 Director


 Mr. Ng Chung Wah
 Director

The notes on pages 14 to 36 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 2024
(Expressed in Hong Kong dollars)

| | Care and Attention Home for the Aged | | | | | | | | | | | | | |
|---|--------------------------------------|-------------------|----------------------------------|---------------------|-------------------|----------------------------|---------------------------|-------------------------------------|----------------------------|---------------------|-------------|-----------------------------------|-----------|-------------|
| | General office | | | | | Furniture and equipment | | | | | | | | |
| | Accumulated fund | Aged welfare fund | Renovation and construction fund | Administrative fund | Construction fund | SWD Lump Sum Grant reserve | SWD Central Items reserve | SWD Social Welfare Development Fund | SWD Provident Fund reserve | SWD Holding Account | Other funds | Excess of expenditure over income | | |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | | |
| Balance at 1 April 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 |
| Surplus/(deficit) for the year | (331,743) | - | - | - | (324,956) | (899,045) | (34,042) | 2,401 | 542,555 | - | (163,816) | (26,801) | (238,275) | (1,473,722) |
| Clawback and adjustments | - | - | - | - | - | - | - | - | - | - | - | (170,000) | (618,000) | (788,000) |
| Transfer to SWD holding account reserve | - | - | - | - | - | (7,892,063) | - | - | - | 7,892,063 | - | - | - | - |
| Balance at 31 March 2023 | 13,137,224 | 246,000 | 2,000,000 | 614,620 | 2,782,312 | 8,639,095 | (54,144) | 58,721 | 8,832,336 | 7,892,063 | 1,264,743 | - | (425,425) | 44,987,545 |
| Surplus/(deficit) for the year | (2,086,131) | - | - | - | (324,956) | (680,490) | (482,682) | 443 | 600,918 | (1,920,198) | (785,340) | - | (431,499) | (6,109,935) |
| Clawback and adjustments | - | - | - | - | - | 640 | - | - | - | - | - | - | (640) | - |
| Balance at 31 March 2024 | 11,051,093 | 246,000 | 2,000,000 | 614,620 | 2,457,356 | 7,959,245 | (536,826) | 59,164 | 9,433,254 | 5,971,865 | 479,403 | - | (857,564) | 38,877,610 |

The notes on pages 14 to 36 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 2024
(Expressed in Hong Kong dollars)

| | <u>Note</u> | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|--|-------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Deficit for the year | | (6,109,935) | (1,473,722) |
| Adjustments for :- | | | |
| Depreciation | | 2,482,157 | 2,265,437 |
| Interest income | | (429,650) | (316,995) |
| | | <u>(4,057,428)</u> | <u>474,720</u> |
| Operating (deficit)/surplus before changes in working capital | | | |
| Decrease in inventories | | 15,343 | 62,852 |
| (Increase)/decrease in deposits and prepayments | | (176,299) | 876,653 |
| (Increase)/decrease in accommodation and other receivables | | (197,639) | 2,028,206 |
| Decrease/(increase) in time deposits with original maturities over three months | | 2,528,789 | (29,089) |
| Increase/(decrease) in accrual and other payables | | 248,643 | (6,603,805) |
| Increase in deferred income | | 537,761 | 273,402 |
| | | <u>(1,100,830)</u> | <u>(2,917,061)</u> |
| Net cash used in operating activities | | | |
| Cash flows from investing activities | | | |
| Interest income | | 429,650 | 316,995 |
| Purchase of property, plant and equipment | | (2,429,940) | (1,889,674) |
| | | <u>(2,000,290)</u> | <u>(1,572,679)</u> |
| Net cash used in investing activities | | | |
| Cash flows from financing activities | | | |
| Clawback to SWD | | - | (170,000) |
| Adjustments for prior year grant of SWD Social Welfare Development Fund reserve, net | | - | (618,000) |
| | | <u>-</u> | <u>(788,000)</u> |
| Net cash used in financing activities | | | |
| | | <u>(3,101,120)</u> | <u>(5,277,740)</u> |
| Net decrease in cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the year | | 33,012,197 | 38,289,937 |
| Cash and cash equivalents at the end of the year | 11 | <u>29,911,077</u> | <u>33,012,197</u> |

The notes on pages 14 to 34 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 2024
(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 2024 was 140 (2023: 142).

3. MATERIAL ACCOUNTING POLICIES

(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. MATERIAL 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Changes in accounting policies and disclosures

(i) New and amended HKFRS

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption 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 new or amended standards which are not yet effective for the current accounting period (see note 21).

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

3. MATERIAL ACCOUNTING POLICIES (continued)

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

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (continued)

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

The Association ceased of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance. However, the directors consider the change in accounting policy do not have any impact on the financial position of the Association.

(d) Receivables

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 (note 3(j)(i)).

(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. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 3(j)(i).

3. MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of an asset comprises its purchase price and any cost directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss on the date of retirement or disposal.

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, Care and Attention Home Construction | Over the estimated useful life of 30/50 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) Payables

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. MATERIAL 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. MATERIAL 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) Credit losses and impairment of assets

(i) Credit losses from financial assets

The Association recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost including accounts and other receivables, fixed deposit (pledged) and cash and bank balances.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

In respect of the Association’s fixed-rate financial assets and accounts and other receivables, the expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof if the effect is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

The ECLs are measured on either of the following bases:

- 12 months ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date; and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the financial assets to which the ECL model applies.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial assets (continued)

The Association measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk has not increased significantly since initial recognition.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment that includes 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 in default when:

- the debtor 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
- the financial asset is 90 days past due.

The Association considers a financial instrument to have low credit risk rating is equivalent to the globally understood definition of "investment grade".

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Association recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Association assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset become long past due or when the Association otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-financial assets

At each reporting date, the Association reviews the carrying amounts of its non-financial assets, including property, plant and equipment and right-of-use assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Provisions and contingencies

Provisions are recognised when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(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.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Association has elected to separate non-lease components from lease component and accounted for by applying other applicable standards.

At the lease commencement date, the Association recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Association enters into a lease in respect of a low-value asset, the Association decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES (continued)

(1) 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 are charged to profit or loss as 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 adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 3(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to other financial assets carried at amortised cost which are held for the collection of contractual cash flows representing solely payments of principal and interest (see notes 3(n)(v) and 3(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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 lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Association presents the right-of-use asset in property, plant and equipment (see note 3(f)). Current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

3. MATERIAL ACCOUNTING POLICIES (continued)**(m) Employee benefits**

- (i) Short term employee benefits and contributions to defined contribution retirement plans

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Association has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

- (ii) Defined benefit plan obligations

The Association's definite benefit plan is the LSP under the Hong Kong Employment Ordinance.

The Association's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Association's MPF contributions that been vested with employees, which are deemed to be contributions from the relevant employees.

The defined benefit obligation is calculated by a using the projected unite credit method. Remeasurements arising from defined benefit plans are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

3. MATERIAL 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. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event such as any assets have become obsolete or idle, has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or value in use which is estimated based upon the continue use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

(i) Impairment of property, plant and equipment (continued)

Changing the judgment and estimations adopted by management in assessing impairment, including the estimated resale values with reference to the historical disposal values or second-hand market price of the assets, and the estimated future cash flows generating from property, plant and equipment with reference to the historical and expected rental income from leasing for assets in use, could affect the recoverable amounts used in the impairment test and as a result affect the Association's financial position and results of operations. In the opinion of the directors of the Association, as the recoverable amount of property, plant and equipment is higher than the carrying value, no impairment loss has been provided during the year ended 31 March 2024.

(ii) Impairment loss of accommodation receivables

When measuring expected credit losses ("ECL"), the Association uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. An estimate of the loss arising on default is based on the difference between the contractual cash flows due and those that the Association would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

5. GOVERNMENT GRANTS

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|---|---------------------|---------------------|
| Income from government :- | | |
| Lotteries Fund | 577,000 | 565,000 |
| Deferred Government grants | 235,839 | 656,289 |
| Social Welfare Department :- | | |
| - Central Items | 2,722,564 | 2,770,046 |
| - Lump Sum Grant | 34,889,264 | 33,295,039 |
| - Provident Fund | 2,176,175 | 2,121,160 |
| - Social Welfare Development Fund | - | 4,560 |
| - Extra allowance for residential Care homes staff under on-site quarantine/isolation | - | 1,448,750 |
| - Special anti-pandemic allowance for residential care homes staff | - | 548,000 |
| - Subvention for rent and rates | 203,000 | 172,046 |
| - One-off subsidy | 11,040 | 9,568 |
| - Other subsidies | - | 68,241 |
| | <u>40,814,882</u> | <u>41,658,699</u> |

6. DEFICIT FOR THE YEAR

| | <u>Note</u> | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|---|-------------|-----------------------------|-----------------------------|
| Deficit for the year is arrived at after charging :- | | | |
| Auditors' remuneration | | 80,800 | 81,900 |
| Depreciation | 9 | 2,482,157 | 2,265,437 |
| Staff costs | | | |
| - Salaries, wages and other benefits | | 32,278,287 | 31,506,226 |
| - Contributions to defined contribution retirement plan | | 1,615,005 | 1,581,758 |
| | | <u> </u> | <u> </u> |
| and after crediting :- | | | |
| Bank interest income | | 429,650 | 316,995 |
| | | <u> </u> | <u> </u> |

7. 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.

8. 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.

9. 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 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 |
| Additions | - | 12,500 | - | - | 88,800 | - | 1,788,374 | - | 1,889,674 |
| Disposals | - | - | - | - | - | (11,919) | (1,001,502) | - | (1,013,421) |
| At 31 March 2023 | 4,429,961 | 3,000,640 | 3,680,839 | 16,247,813 | 13,606,403 | 805,819 | 10,852,946 | 1,178,132 | 53,802,553 |
| Additions | - | - | - | - | 441,487 | 45,780 | 1,942,673 | - | 2,429,940 |
| Disposals | - | - | - | - | - | (72,920) | (1,840,667) | - | (1,913,587) |
| At 31 March 2024 | 4,429,961 | 3,000,640 | 3,680,839 | 16,247,813 | 14,047,890 | 778,679 | 10,954,952 | 1,178,132 | 54,318,906 |
| Accumulated depreciation :- | | | | | | | | | |
| At 1 April 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 |
| Charge for the year | 72,564 | 133,964 | 51,617 | 324,956 | 409,761 | 122,291 | 1,115,945 | 34,339 | 2,265,437 |
| Written back on disposal | - | - | - | - | - | (11,919) | (1,001,502) | - | (1,013,421) |
| At 31 March 2023 | 1,231,925 | 2,859,176 | 3,525,989 | 10,924,207 | 12,750,710 | 718,058 | 8,070,621 | 1,040,777 | 41,121,463 |
| Charge for the year | 72,564 | 133,964 | 38,712 | 324,956 | 416,954 | 70,452 | 1,397,084 | 27,471 | 2,482,157 |
| Written back on disposal | - | - | - | - | - | (72,920) | (1,840,667) | - | (1,913,587) |
| At 31 March 2024 | 1,304,489 | 2,993,140 | 3,564,701 | 11,249,163 | 13,167,664 | 715,590 | 7,627,038 | 1,068,248 | 41,690,033 |
| Net book value :- | | | | | | | | | |
| At 31 March 2024 | 3,125,472 | 7,500 | 116,138 | 4,998,650 | 880,226 | 63,089 | 3,327,914 | 109,884 | 12,628,873 |
| At 31 March 2023 | 3,198,036 | 141,464 | 154,850 | 5,323,606 | 855,693 | 87,761 | 2,782,325 | 137,355 | 12,681,090 |

9. 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>2024</u> HK\$ | <u>2023</u> HK\$ |
|-------------------------|---|--|---------------------|---------------------|
| Held in Hong Kong :- | | | | |
| Under long term lease | 3,064,424 | - | 3,064,424 | 3,134,214 |
| Under medium term lease | 61,048 | 4,998,650 | 5,059,698 | 5,387,428 |
| | <u>3,125,472</u> | <u>4,998,650</u> | <u>8,124,122</u> | <u>8,521,642</u> |

The Association's right-of-use assets represented the leasehold properties 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>2024</u> HK\$ | <u>1 April</u> <u>2023</u> HK\$ |
|-------------------------|--|---------------------------------------|
| Leasehold properties :- | | |
| - Office | 3,064,424 | 3,134,214 |
| - Buddha hall | 61,048 | 63,822 |
| | <u>3,125,472</u> | <u>3,198,036</u> |

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

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|-------------------------------------|---------------------|---------------------|
| Depreciation on right-of-use assets | <u>72,564</u> | <u>72,564</u> |

10. INVENTORIES

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|--|---------------------|---------------------|
| Medical, milk product, food and paper diaper | <u>111,528</u> | <u>126,871</u> |

11. CASH AND CASH EQUIVALENTS

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|--|---------------------|---------------------|
| Cash and bank balances comprise :- | | |
| Time deposits with original maturity not more than three months | 14,957,327 | 15,853,075 |
| Cash at banks and in hand - General office | 6,871,497 | 7,879,808 |
| Cash at banks and in hand - Care and Attention Home for the Aged | 8,082,253 | 9,279,314 |
| | <u>29,911,077</u> | <u>33,012,197</u> |
| Cash and cash equivalents | | |
| Time deposits with original maturity over three months | - | 2,528,789 |
| | <u>29,911,077</u> | <u>35,540,986</u> |
| Total cash and bank balances | | |

12. SWD LUMP SUM GRANT RESERVE

| | <u>Note</u> | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|---|-------------|---------------------|---------------------|
| At the beginning of the year | | 8,639,095 | 17,430,203 |
| Deficit for the year | | (680,490) | (899,045) |
| Adjustment for prior year deficit | | 640 | - |
| Transfer to SWD Holding Account reserve | 17 | - | (7,892,063) |
| | | <u>7,959,245</u> | <u>8,639,095</u> |
| At the end of the year | | | |

The SWD 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 assessment of annual clawback amount was HK\$8,014,178 (2023: HK\$8,639,095).

13. SWD CENTRAL ITEMS RESERVE

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|----------------------------------|---------------------|---------------------|
| At the beginning of the year | (54,144) | (20,102) |
| Grant received for the year | 2,722,564 | 2,837,464 |
| Expenditure paid during the year | (3,205,246) | (2,871,506) |
| | <u>(536,826)</u> | <u>(54,144)</u> |
| At the end of the year | | |

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

14. SWD SOCIAL WELFARE DEVELOPMENT FUND

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|---|---------------------|---------------------|
| At the beginning of the year | 58,721 | 56,320 |
| Add: Allocation from SWDF during the year | - | 42,720 |
| Interest received during the year | 443 | 384 |
| Less: Expenditure | | |
| Expenditure for projects under Scope A | - | (11,900) |
| At the end of the year | <u>59,164</u> | <u>58,721</u> |

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

15. SWD PROVIDENT FUND RESERVE

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|------------------------------|---------------------|---------------------|
| At the beginning of the year | 8,832,336 | 8,289,781 |
| Surplus for the year | 600,918 | 542,555 |
| At the end of the year | <u>9,433,254</u> | <u>8,832,336</u> |

16. 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>2024</u> HK\$ | <u>2023</u> HK\$ |
|--|-------------|---------------------|---------------------|
| At the beginning of the year | | 1,264,743 | 1,428,559 |
| Add: Block Grant received during the year | | 577,000 | 565,000 |
| Interest income | | 50,350 | 31,253 |
| | | <u>627,350</u> | <u>596,253</u> |
| Less : Purchase of furniture and equipment | (a) | 1,412,690 | 760,069 |
| At the end of the year | | <u>479,403</u> | <u>1,264,743</u> |

**16. 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 2023-24.
- (b) Surplus from the Block Grant can only be used for the replenishment of furniture and equipment and minor works.

17. SWD HOLDING ACCOUNT

| | <u>Note</u> | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|---|-------------|---------------------|---------------------|
| At the beginning of the year | | 7,892,063 | - |
| Less: Expenditure | | (1,920,198) | - |
| Transferred from SWD Lump Sum Grant Reserve | 12 | - | 7,892,063 |
| At the end of the year | | <u>5,971,865</u> | <u>7,892,063</u> |

Upon the implementation of Lump Sum Grant Subvention System (“LSGSS”), SWD put forward certain financial assistance scheme and measures to assist non-governmental organisations (the “NGOs”) in meeting their contractual commitments towards the Snapshot Staff as well as enhancing their human resources practices. One of the facilitating measures for NGOs was to withhold the claw-back of Lump Sum Grant (“LSG”) Reserve above the 25% cap for the three years from 2004-05 to 2006-07. The amount of the cumulative LSG Reserve as at 31 March 2007 can be kept in a holding account (“SWD Holding Account” or “HA”), while the use of this reserve has to be in line with the requirements as stipulated in the LSG Manual and/or prevailing policies.

According to the Review of Enhancement of LSGSS issued in 2022, when the position of Snapshot Staff comes to zero as reported in September of a year, the Association will be required to merge the HA with SWD LSG Reserve. As at September 2024, the estimated number of snapshot staff of the Association were 1 (September 2023: 1) and therefore, under the aforesaid review, the NGOs were recommended to improve the management of the HA, and formulate utilisation plans and financial projections (including to honor the contractual commitments towards the Snapshot Staff and enhance human resource arrangements, etc.) to optimise the use of the reserve. The HA were therefore separately disclosed in the financial statements for the years ended 31 March 2024 and 31 March 2023.

Up to 31 March 2024, the Association is in the process of making utilisation plans and financial projections to optimise the use of the reserve.

18. OTHER FUNDS

| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
|--|---------------------|---------------------|
| SWD Wi-Fi Project – Note (a) | - | - |
| 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 (b) | - | - |
| | <u>-</u> | <u>-</u> |
| | <u><u>-</u></u> | <u><u>-</u></u> |

(a) SWD Wi-Fi Project

| | 35141-837-4510-0000 | |
|---|---------------------|---------------------|
| | <u>2024</u> HK\$ | <u>2023</u> HK\$ |
| At the beginning of the year | - | 6,801 |
| Add: Lotteries Fund Grant received during the year | - | 19,536 |
| Less: Expenditure - Operating expenses | - | (26,337) |
| At the end of the year | <u>-</u> | <u>-</u> |
| | <u><u>-</u></u> | <u><u>-</u></u> |

(b) 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>2024</u> HK\$ | <u>2023</u> HK\$ |
|------------------------------|---------------------|---------------------|
| At the beginning of the year | - | 190,000 |
| Less : Operating expenses | - | (20,000) |
| Clawback to SWD | - | (170,000) |
| At the end of the year | <u>-</u> | <u>-</u> |
| | <u><u>-</u></u> | <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 2023 and 31 March 2024. 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>2024</u> HK\$('000) | <u>2023</u> HK\$('000) |
|--------------------------------|---------------------------|---------------------------|
| Floating-rate financial assets | | |
| Time deposits with banks | - | 2,529 |
| Cash at banks and in hand | 29,911 | 33,012 |
| Net interest-bearing assets | <u>29,911</u> | <u>35,541</u> |

Sensitivity analysis

At 31 March 2024, 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\$299,110 (2023: HK\$355,410) in response to the general increase/decrease in interest rates.

20. 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 2024 and 2023 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. 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 new or amended standards, which are not yet effective for the year ended 31 March 2024 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 HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 ("2020 amendments") | 1 January 2024 |
| Amendments to HKAS 1, Presentation of financial statements: Noncurrent liabilities with covenants ("2022 amendments") | 1 January 2024 |
| Amendments to HKFRS 16, Leases: Lease liability in a sale and leaseback | 1 January 2024 |

21. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR (continued)

| | <u>Effective for accounting period beginning on or after</u> |
|---|--|
| Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures : Supplier finance arrangements | 1 January 2024 |
| Amendments to HKAS 21, The effects of changes in foreign exchange rates: Lack of exchangeability | 1 January 2025 |

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.

