

竹林明堂有限公司

**CHUK LAM MING TONG LIMITED**

**2023**

**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 2023**

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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 2023.

**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 2023 and the financial position of the Association at that date are set out in the financial statements on pages 9 to 33.

**DIRECTORS**

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

Cheung Kin Keung  
Chui Hing Lok, Boris  
Ho Shing Tung  
Ng Chung Wah  
So Kam Chiu, Stewart  
Tang King Man  
Yung Kon Ham  
Ho Mau Yuen, Michael  
So Mun Yee, Sonia

In accordance with articles 35 and 36 of the Association’s articles of association, the directors, except for the permanent director who shall be entitled to hold office for life, shall hold office for a term of two years. Accordingly, all directors other than the permanent director shall retire from office in the forthcoming annual general meeting and, being eligible, offer themselves for re-election for successive terms of two years.

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

No transactions, arrangements or contracts of significance to which the Association was a party, and in which the directors of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

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

## **MANAGEMENT CONTRACTS**

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

## **PERMITTED INDEMNITY PROVISIONS**

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

## **BUSINESS REVIEW**

The Association is a 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 and a worship hall in the Care & Attention Home.

### 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.

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 2023, there were approximately 95 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 152 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.

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 calendar 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-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 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 15 December 2022. 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.

The Association (continued)

The summary financial information for the year are as follows:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Deficit for the year		
- General office	(331,743)	(567,400)
- Care and Attention Home for the Aged	(1,141,979)	483,439
	<u>(1,473,722)</u>	<u>(83,961)</u>
Reserves at the end of the reporting period	<u>44,987,545</u>	<u>47,249,267</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,

27 OCT 2023

**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 33, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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.



### ***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, 27 OCT 2023

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 2023**  
*(Expressed in Hong Kong dollars)*

	Note	General office HK\$	Care and Attention Home for the Aged HK\$	2023 HK\$	2022 HK\$
<b>Income</b>					
Sales of medical appliances, paper diaper and milk powder		-	1,363,163	1,363,163	1,576,263
Costs of sales		-	(1,108,747)	(1,108,747)	(1,426,105)
		-	254,416	254,416	150,158
Accommodation		-	3,808,220	3,808,220	4,089,022
Donation income for general operation		279,858	250,174	530,032	728,050
Donation income for renovation works		-	-	-	3,630
Government grants	4	-	41,658,699	41,658,699	40,512,432
Interest income		29	316,966	316,995	34,013
Membership subscription		1,650	-	1,650	1,710
Programme income		-	58,749	58,749	79,238
Sundry income		-	407,162	407,162	611,512
		281,537	46,754,386	47,035,923	46,209,765
<b>Expenditure</b>					
Advertising		-	40,214	40,214	36,766
Auditors' remuneration		9,000	72,900	81,900	85,330
Bank charges		-	10,751	10,751	13,983
Building management fee		15,840	-	15,840	15,840
Central Items expenses		-	2,824,190	2,824,190	2,957,499
Cleaning expenses		-	282,420	282,420	497,921
Contributions to defined contribution retirement plan		-	1,581,758	1,581,758	1,537,146
Depreciation		258,145	2,007,292	2,265,437	2,028,663
Electricity, water and gas		71,523	1,829,923	1,901,446	1,617,337
Expenditure of COVID-19 special allowance		-	2,026,385	2,026,385	497,315
General expenses		10,155	116,116	126,271	20,921
Impairment on trade receivables		-	-	-	3,392
Insurance		696	404,873	405,569	513,396
Loss on disposal of properties, plant and equipment		-	-	-	2,392
Medical consultation service by visiting medical officers		-	372,000	372,000	392,000
Medical expenses		-	404,007	404,007	1,088,827
Messing		22,349	2,424,213	2,446,562	2,546,960
Motor vehicle expenses		-	85,773	85,773	93,764
Newspaper		-	13,867	13,867	15,075
Pharmaceutical and nutrition care		-	343,390	343,390	138,060
Printing, stationery and postage		5,009	131,785	136,794	124,110
Professional fees		63,000	90,215	153,215	57,195
Programme expenses		-	98,784	98,784	121,641
Purchase of personal protective equipment and disinfection supplies		-	-	-	36,432
Government rent and rates		16,604	203,000	219,604	220,510
Repairs and maintenance		98,147	722,474	820,621	1,074,695
Salaries and allowances		36,000	31,470,226	31,506,226	30,104,967
Speech therapists' services		-	-	-	16,800
Store and equipment		-	232,588	232,588	321,397
Social Welfare Development Fund expenditure		-	2,400	2,400	11,900
Telephone		6,812	71,343	78,155	73,575
Travelling		-	33,478	33,478	27,917
		613,280	47,896,365	48,509,645	46,293,726
<b>Deficit for the year</b>	5	(331,743)	(1,141,979)	(1,473,722)	(83,961)
<b>Other comprehensive expenses for the year</b>		-	-	-	-
<b>Total comprehensive expenses for the year</b>		(331,743)	(1,141,979)	(1,473,722)	(83,961)

The notes on pages 14 to 33 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 2023**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	12,681,090	13,056,853
		-----	-----
<b>Current assets</b>			
Inventories	9	126,871	189,723
Deposits and prepayments		719,034	1,595,687
Accommodation and other receivables		634,932	2,663,138
Time deposits with original maturities over three months	10	2,528,789	2,499,700
Cash and cash equivalents	10	33,012,197	38,289,937
		-----	-----
		37,021,823	45,238,185
		-----	-----
<b>Current liabilities</b>			
Accruals and other payables		995,790	7,599,595
Deferred income		1,434,982	1,227,698
		-----	-----
		2,430,772	8,827,293
		-----	-----
<b>Net current assets</b>		34,591,051	36,410,892
		-----	-----
<b>Total assets less current liabilities</b>		47,272,141	49,467,745
		-----	-----
<b>Non-current liability</b>			
Deferred income		(2,284,596)	(2,218,478)
		-----	-----
<b>NET ASSETS – page 11</b>		44,987,545	47,249,267
		=====	=====


The notes on pages 14 to 33 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 2023**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
<b>NET ASSETS – page 10</b>		<u>44,987,545</u>	<u>47,249,267</u>
<b>FUNDS AND RESERVES</b>			
<b>General office</b>			
Accumulated fund		13,137,224	13,468,967
Aged welfare fund		246,000	246,000
Renovation and construction fund		2,000,000	2,000,000
		<u>15,383,224</u>	<u>15,714,967</u>
<b>Care and Attention Home for the Aged</b>			
Administrative fund		614,620	614,620
Construction fund		2,782,312	3,107,268
SWD Lump Sum Grant reserve	11	8,639,095	17,430,203
SWD Central Items	12	(54,144)	(20,102)
SWD Social Welfare Development Fund	13	58,721	56,320
SWD Provident Fund reserve	14	8,832,336	8,289,781
SWD Holding Account	16	7,892,063	-
Other funds	17	-	196,801
Furniture and equipment replenishment and minor works block grant reserve	15	1,264,743	1,428,559
(Excess of expenditure over income)/accumulated surplus		(425,425)	430,850
		<u>29,604,321</u>	<u>31,534,300</u>
		<u>44,987,545</u>	<u>47,249,267</u>

Approved and authorised for issue by the board of directors on

27 OCT 2023

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

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

The notes on pages 14 to 33 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 2023**  
*(Expressed in Hong Kong dollars)*

	Care and Attention Home for the Aged											Accumulated surplus/ (excess of expenditure over income)	Total		
	General office					Furniture and equipment replenishment and minor works block grant reserve									
	Accumulated fund	Aged welfare fund	Renovation and construction fund	Administrative fund	Construction fund	SWD Lump Sum Grant reserve (Note 11)	SWD Central Items reserve (Note 12)	SWD Social Welfare Development Fund (Note 13)	SWD Provident Fund reserve (Note 14)	SWD Holding Account (Note 16)	Other funds (Note 17)	HK\$	HK\$	HK\$	HK\$
Balance at 1 April 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	47,333,228
Surplus/(deficit) for the year	(567,400)	-	-	-	(324,956)	168,186	(20,102)	(596,487)	580,141	-	317,370	136,337	222,950	(83,961)	(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	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)	(1,473,722)
Clawback and adjustments	-	-	-	-	-	-	-	-	-	-	-	(170,000)	(618,000)	(788,000)	(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	44,987,545

The notes on pages 14 to 33 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 2023**  
*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
<b>Cash flows from operating activities</b>			
Deficit for the year		(1,473,722)	(83,961)
Adjustments for :-			
Depreciation		2,265,437	2,028,663
Impairment loss on trade receivable		-	3,392
Interest income		(316,995)	(34,013)
Loss on disposal of properties, plant and equipment		-	2,392
		<hr/>	<hr/>
<b>Operating surplus before changes in working capital</b>		474,720	1,916,473
Decrease/(increase) in inventories		62,852	(75,003)
Decrease in deposits and prepayments		876,653	365,857
Decrease /(increase) in accommodation and other receivables		2,028,206	(305,597)
(Increase)/decrease in time deposits with original maturities over three months		(29,089)	4,233,241
(Decrease)/increase in accrual and other payables		(6,603,805)	6,326,098
Increase/(decrease) in deferred income		273,402	(90,236)
		<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>		(2,917,061)	12,370,833
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activities</b>			
Interest income		316,995	34,013
Purchase of property, plant and equipment		(1,889,674)	(1,284,492)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		(1,572,679)	(1,250,479)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from financing activities</b>			
Clawback to SWD		(170,000)	-
Adjustments for prior year grant of SWD Social Welfare Development Fund reserve, net		(618,000)	-
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		(788,000)	-
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(5,277,740)	11,120,354
<b>Cash and cash equivalents at the beginning of the year</b>		38,289,937	27,169,583
<b>Cash and cash equivalents at the end of the year</b>	10	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
		33,012,197	38,289,937

The notes on pages 14 to 33 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 2023**  
*(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 2023 was 142 (2022 : 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 IIFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

The HKICPA has issued 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 Council.

The Association has not applied any standards or 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 and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

#### (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) 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. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Association in accordance with the contract and the cash flows that the Association expects to receive), discounted at an approximation to the assets’ original effective interest rate, where the effect of discounting is material.

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

In measuring ECLs, the Association takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

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.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Association’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Association recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### (i) Credit losses from financial assets (continued)

###### Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Association compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

In making this reassessment, the Association considers that a default event occurs when (i) 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 (ii) the financial asset is 90 days past due. The Association considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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.

###### Basis of calculation of interest income

Interest income recognised in accordance with note 3(q) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

###### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Association 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### (ii) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, including right-of-use assets, may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

##### 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 Hospital 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 Hospital of units) and then, to reduce the carrying amount of the other assets in the unit (or Hospital 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

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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-line 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. GOVERNMENT GRANTS

	<u>2023</u>	<u>2022</u>
	HK\$	HK\$
Income from government :-		
Lotteries Fund	565,000	570,000
Deferred income	656,289	609,789
Social Welfare Department :-		
- Central Items	2,770,046	2,957,499
- Lump Sum Grant	33,295,039	32,817,640
- Provident Fund	2,121,160	2,089,913
- Social Welfare Development Fund	4,560	42,720
- Extra allowance for residential Care homes staff under on-site quarantine/isolation	1,448,750	129,750
- Special anti-pandemic allowance for residential care homes staff	548,000	374,000
- Subvention for rent and rates	172,046	203,000
- One-off subsidy	9,568	692,654
- Other subsidies	68,241	25,467
	<u>41,658,699</u>	<u>40,512,432</u>

**5. DEFICIT FOR THE YEAR**

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
Deficit for the year is arrived at after charging :-			
Auditors' remuneration		81,900	85,330
Depreciation	8	2,265,437	2,028,663
Impairment loss on trade receivable		-	3,392
Loss on disposal of properties, plant and equipment		-	2,392
Staff costs			
- Salaries, wages and other benefits		31,506,226	30,104,967
- Contributions to defined contribution retirement plan		1,581,758	1,537,146
		<u>                    </u>	<u>                    </u>
and after crediting :-			
Bank interest income		316,995	34,013
		<u>                    </u>	<u>                    </u>

**6. 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.

**7. 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.

## 8. PROPERTY, PLANT AND EQUIPMENT

	General office				Care and Attention Home for the Aged				Motor vehicles HK\$	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\$			
Cost :-										
At 1 April 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 1 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	
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	
Accumulated depreciation :-										
At 1 April 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	
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	
Net book value :-										
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	
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	

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

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

	<u>Leasehold properties</u> HK\$	<u>Construction property</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Held in Hong Kong :-				
Under long term lease	3,134,214	-	3,134,214	3,204,003
Under medium term lease	63,822	5,323,606	5,387,428	5,715,159
	<u>3,198,036</u>	<u>5,323,606</u>	<u>8,521,642</u>	<u>8,919,162</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>2023</u> HK\$	<u>1 April</u> <u>2022</u> HK\$
Leasehold properties :-		
- Office	3,134,214	3,204,003
- Buddha hall	63,822	66,597
	<u>3,198,036</u>	<u>3,270,600</u>

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

	<u>2023</u> HK\$	<u>2022</u> HK\$
Depreciation on right-of-use assets	<u>72,564</u>	<u>72,565</u>

**9. INVENTORIES**

	<u>2023</u> HK\$	<u>2022</u> HK\$
Medical, milk product, food and paper diaper	<u>126,871</u>	<u>189,723</u>

**10. CASH AND CASH EQUIVALENTS**

	<u>2023</u> HK\$	<u>2022</u> HK\$
Cash and bank balances comprise :-		
Time deposits with original maturity not more than three months	15,853,075	17,200,237
Cash at banks and in hand - General office	7,879,808	11,279,780
Cash at banks and in hand - Care and Attention Home for the Aged	9,279,314	9,809,920
Cash and cash equivalents	<u>33,012,197</u>	<u>38,289,937</u>
Time deposits with original maturity over three months	2,528,789	2,499,700
Total cash and bank balances	<u><u>35,540,986</u></u>	<u><u>40,789,637</u></u>

**11. SWD LUMP SUM GRANT RESERVE**

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year		17,430,203	17,315,175
(Deficit)/surplus for the year		(899,045)	168,186
Adjustment for prior year deficit		-	(53,158)
Transfer to SWD Holding Account reserve	16	(7,892,063)	-
At the end of the year		<u><u>8,639,095</u></u>	<u><u>17,430,203</u></u>

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\$8,639,095 (2022: HK\$9,538,140).

**12. SWD CENTRAL ITEMS RESERVE**

	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year	(20,102)	-
Grant received for the year	2,837,464	2,890,081
Expenditure paid during the year	(2,871,506)	(2,910,183)
At the end of the year	<u><u>(54,144)</u></u>	<u><u>(20,102)</u></u>

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

**13. SWD SOCIAL WELFARE DEVELOPMENT FUND**

	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year	56,320	652,807
Add: Allocation from SWDF during the year	4,560	42,720
Interest received during the year	241	384
Less: Expenditure		
Expenditure for projects under Scope A	(2,400)	(11,900)
Expenditure for projects under Scope B	-	(627,691)
At the end of the year	<u>58,721</u>	<u>56,320</u>

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

**14. SWD PROVIDENT FUND RESERVE**

	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year	8,289,781	7,791,084
Surplus for the year	542,555	552,767
Adjustment for prior year surplus	-	(81,444)
Adjustment of understated Provident Fund		
Contribution paid for previous year	-	27,374
At the end of the year	<u>8,832,336</u>	<u>8,289,781</u>

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

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

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year		1,428,559	1,111,189
Add : Block Grant received during the year		565,000	570,000
Interest income		31,253	629
		<u>596,253</u>	<u>570,629</u>
Less : Purchase of furniture and equipment	(a)	760,069	253,259
At the end of the year		<u>1,264,743</u>	<u>1,428,559</u>

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

Note :-

- (a) Expenditure charged to Block Grant during the year was the full expenditure amount, i.e. the actual expenditure incurred in 2022-23.
- (b) Surplus from the Block Grant can only be used for the replenishment of furniture and equipment and minor works.

**16. SWD HOLDING ACCOUNT**

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year		-	-
Transferred from SWD Lump Sum Grant Reserve	11	7,892,063	-
At the end of the year		<u>7,892,063</u>	<u>-</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. As at 31 March 2022, the HA balances of HK\$7,892,063 was included in SWD LSG Reserve.

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 Council will be required to merge the HA with SWD LSG Reserve. As at September 2023, the estimated number of snapshot staff of the Council were 1 (September 2022: 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 year ended 31 March 2023.

Up to 31 March 2023, the Council is in the process of making utilisation plans and financial projections to optimise the use of the reserve.

## 17. OTHER FUNDS

	<u>2023</u> HK\$	<u>2022</u> HK\$
SWD Wi-Fi Project – Note (a)	-	6,801
Time-Limited Programme on Enhancing Infection Control and Ventilation of Residential Care homes for Elderly - Note (b)	-	-
Compulsory Testing Allowance - Note (c)	-	-
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>-</u>	<u>196,801</u>

## (a) SWD Wi-Fi Project

	<u>2023</u> HK\$	<u>2022</u> HK\$
	35141-837-4510-0000	
At the beginning of the year	6,801	15,264
Add : Lotteries Fund Grant received during the year	19,536	19,536
Less : Expenditure - Operating expenses	(26,337)	(27,999)
At the end of the year	<u>-</u>	<u>6,801</u>

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

	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year	-	31,224
Less : Expenditure - Operating expenses	-	(24,800)
Clawback to SWD	-	(6,424)
At the end of the year	<u>-</u>	<u>-</u>



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

	<u>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year	-	20,400
Less : Expenditure		
- Operating expenses	-	(20,400)
	<u>          </u>	<u>          </u>
At the end of the year	<u>          </u> <u>          </u>	<u>          </u> <u>          </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>2023</u> HK\$	<u>2022</u> HK\$
At the beginning of the year	190,000	-
Add : SWD Fund Grant received during the year	-	195,000
Less : Expenditure		
- Operating expenses	(20,000)	(5,000)
Clawback to SWD	(170,000)	-
	<u>          </u>	<u>          </u>
At the end of the year	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

**18. 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 2022 and 31 March 2023. The directors of the Association regularly review and manage its capital to ensure adequacy for both operational and capital need.

## 19. 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>2023</u> HK\$('000)	<u>2022</u> HK\$('000)
Floating-rate financial assets		
Time deposits with banks	2,529	2,500
Cash at banks and in hand	33,012	38,300
Net interest-bearing assets	<u>35,541</u>	<u>40,800</u>

#### Sensitivity analysis

At 31 March 2023, 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\$355,410 (2022:HK\$408,000) in response to the general increase/decrease in interest rates.

### (b) Credit risk

The Association's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2023 and 2022 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.

## 20. OUTSTANDING LITIGATION

The Association is involved in litigation in Hong Kong relating to dispute with former solicitor of the Association. The directors of the Association have agreed to bear the legal costs and relevant expenses related to the litigation. The Association will not be responsible for the said costs.

## 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 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Association.

	<u>Effective for accounting period beginning on or after</u>
Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKAS 1, Presentation of financial statements: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to HKFRS 16, Lease : Lease liabilities in a sale and leaseback	1 January 2024

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.

