

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
YEAR ENDED 31 MARCH 2021

REPORT OF THE DIRECTORS

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2021.

Business review

Sai Kung District Community Centre was established in the year of 1970. The company is continuously promoting livelihood support and establishing a support network in rural area. With the service mission of "connecting and mobilizing community resources to love and care our folks and nature across Sai Kung", we establish a unique rural service model to reduce the uneven distribution of resources between urban and rural areas, so that rural life can be preserved and a win-win society can be created.

Our vision

We are eager to build a happy and livable community for Sai Kung residents.

Our mission

We connect and mobilise community resources to love and care our folks and nature across Sai Kung.

Our belief

We believe in welfare equality regardless of who you are and where you live.

Service performance

On 31 March 2021, total income has recorded a decrease of HK\$5,307,833 from HK\$28,754,947 for the year ended 31 March 2020 to HK\$23,447,114 for the year ended 31 March 2021.

During the reporting period, the company made no significant change in the scope of its principal services:

Our Services

Children and youth services
Child care and family support services
Elderly and primary care services
Rural support services
Community network and capital construction projects
Ecological conservation projects

Business review (continued)

Principal risks and uncertainties

With the severe impact of the outbreak of COVID-19 and the social movement in Hong Kong last year, Hong Kong was seriously affected without a doubt. The company's services had been severely affected under the influence of the pandemic. With the group gathering restrictions, the company was forced to abandon face-to-face contact on work or switch them to on-line services. All learning classes were suspended until last quarter of the year, let alone the summer holiday programmes/activities were all cancelled. However, under the "new normal" living environment, the company is able to provide the long awaiting services to different users since second quarter of 2021. The drop-in services are back while the summer programmes and learning class are in high demand again.

Otherwise, the company is not aware of any other particulars or important events that have occurred which would have a significant impact on the company in near future.

Principal activities

The principal activities of the company are organising and promoting non-profitable leisure activities for the general public in order to enhance the health and well-being of Hong Kong citizens.

Financial statements

The results of the company for the year ended 31 March 2021 and the state of the company's affairs as at that date are set out in the financial statements on pages 7 to 22.

Directors

The directors of the company during the year and up to the date of this report were:

Chan Kuen Kwan
Cheung Ting Kiu
Cheung To Shing
Cheung Yat Leung Jacky
Lau Kam Lun
Lau Wai Kuen Kenneth
Lau Wan Ming
Li Fuk Hong
Lok Shui Sang
Mo Ka Hung Joseph
So Kwok Hing
Wan Keung
Yuen To Shing

As there is no provision in the company's Articles of Association concerning the rotation of directors, all the present directors would continue in office for the ensuing year.

Indemnity of directors

During the financial year and at the time of approval of this report, there was or is no permitted indemnity provision in force for the benefit of any of the directors of the company.

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
YEAR ENDED 31 MARCH 2021

Directors' interests in shares or debentures

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

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the company was a party in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditor

K.W. Tam & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of K.W. Tam & Co. as auditor of the company is to be proposed at the forthcoming annual general meeting.



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創紀之城 3 期 20 樓 2002 室

K.W. Tam & Co.
Certified Public Accountants (Practising)
Unit 2002, 20/F, Millennium City 3,
370 Kwun Tong Road, Kowloon,
Hong Kong

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司**
(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Sai Kung District Community Centre Limited ("the company") set out on pages 7 to 22, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, the statement of changes in fund 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 company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 company 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 the information included in the report of the directors, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司**
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Responsibilities of Directors and Those Charged with Governance 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 HKFRS for Private Entities 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company'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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

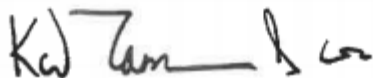
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司**
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 company'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 company to cease to continue as a going concern.

We communicate with those charged with governance 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.



K.W. Tam & Co.
Certified Public Accountants (Practising)
Unit 2002, 20th Floor,
Millennium City 3,
370 Kwun Tong Road,
Kowloon, Hong Kong

22 October 2021

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK\$	2020 HK\$
Revenue			
Social Welfare Department subvention	3	8,945,644	8,722,887
Membership fee income		2,260	8,210
Service fee income		91,780	411,366
Programme income		<u>703,181</u>	<u>6,001,015</u>
		9,742,865	15,143,478
		-----	-----
Other income	4	<u>13,704,249</u>	<u>13,611,469</u>
		-----	-----
Expenditure			
Personal emoluments		(16,564,621)	(17,011,882)
Utilities		(123,292)	(224,410)
Administrative expenses	5	(458,043)	(541,517)
Stores and equipment		(319,824)	(493,386)
Travelling and transportation		(55,026)	(107,965)
Programme expenses		(4,399,537)	(9,363,272)
Repairs and maintenance		(8,100)	(6,500)
Rent and rates		(634,571)	(333,297)
Miscellaneous expenses	6	<u>(805,045)</u>	<u>(772,811)</u>
		(23,368,059)	(28,855,040)
		-----	-----
Surplus/(deficit) from operation		79,055	(100,093)
Usage of LSG reserve	7	(764,428)	(66,000)
Claw back of LSG reserve		<u>(16,888)</u>	<u>(263,883)</u>
Deficit before tax	8	(702,261)	(429,976)
Income tax	10	<u>---</u>	<u>---</u>
Deficit for the year		(702,261)	(429,976)
Other comprehensive surplus for the year		<u>---</u>	<u>---</u>
Total comprehensive deficit for the year		<u>(702,261)</u>	<u>(429,976)</u>

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

	Note	2021 HK\$	2021 HK\$	2020 HK\$
Non-current assets				
Property, plant and equipment	11		363,936	592,546

Current assets				
Accounts receivables		1,877,008		3,141,245
Prepayments		33,145		13,225
Electricity and water deposits paid		33,000		33,000
Cash at bank and in hand	12	<u>8,377,707</u>		<u>10,367,067</u>
		10,320,860		13,554,537
		-----		-----
Current liabilities				
Accruals		(247,408)		(487,547)
Receipts in advance		(6,101,173)		(8,539,844)
Temporary receipt		<u> --</u>		<u>(47,750)</u>
		(6,348,581)		(9,075,141)
		-----		-----
Net current assets			<u>3,972,279</u>	<u>4,479,396</u>
			-----	-----
Net assets			<u>4,336,215</u>	<u>5,071,942</u>
			-----	-----
Reserves				
SWD fund			2,420,356	2,613,918
Accumulated fund			<u>1,915,859</u>	<u>2,458,024</u>
			<u>4,336,215</u>	<u>5,071,942</u>
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SAIKUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 MARCH 2021

	SWD Fund		Accumulated Fund				Total HK\$
	Social welfare subvention surpluses account HK\$	Lump sum grant P.F. surplus reserve HK\$	Operational fund HK\$	Emergency assistance fund HK\$	Development fund HK\$	Flag days HK\$	
At 1 April 2019	2,519,696	342,050	1,354,740	1,285,432	--	--	5,501,918
(Deficit)/surplus for the year	(308,168)	56,830	--	(178,638)	--	--	(429,976)
Transferred between social welfare subvention surpluses account and emergency assistance fund	3,510	--	--	(3,510)	--	--	--
At 31 March 2020	<u>2,215,038</u>	<u>398,880</u>	<u>1,354,740</u>	<u>1,103,284</u>	<u>--</u>	<u>--</u>	<u>5,071,942</u>
At 1 April 2020	2,215,038	398,880	1,354,740	1,103,284	--	--	5,071,942
(Deficit)/surplus for the year	(339,305)	85,640	(448,596)	--	--	--	(702,261)
Adjustment for accumulated fund to revenue from SWD during the year	--	--	(33,466)	--	--	--	(33,466)
Transferred between Lump sum grant P.F. surplus reserve and operational fund	--	60,103	(60,103)	--	--	--	--
At 31 March 2021	<u>1,875,733</u>	<u>544,623</u>	<u>812,575</u>	<u>1,103,284</u>	<u>--</u>	<u>--</u>	<u>4,336,215</u>

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SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK\$	2020 HK\$
Operating activities			
Deficit before tax		(702,261)	(429,976)
Adjustments for:			
Bank interest income		(159)	(1,520)
Depreciation		228,610	251,798
Gain on disposals of property plant and equipment		(3,000)	--
Operating deficit before changes in working capital		(476,810)	(179,698)
Decrease/(increase) in accounts receivables		1,264,237	(1,713,859)
(Increase)/decrease in prepayments		(19,920)	92,614
(Decrease)/increase in accruals		(240,139)	342,971
(Decrease)/increase in receipts in advance		(2,472,137)	7,173,266
(Decrease)/increase in temporary receipt		(47,750)	47,750
Net cash (used in)/generated from operating activities		(1,992,519)	5,763,044
Investing activities			
Bank interest received		159	1,520
Proceeds for sales of property, plant and equipment		3,000	--
Net cash generated from investing activities		3,159	1,520
Net (decrease)/increase in cash and cash equivalents		(1,989,360)	5,764,564
Cash and cash equivalents at the beginning of the year		10,367,067	4,602,503
Cash and cash equivalents at the end of the year	12	8,377,707	10,367,067

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Sai Kung District Community Centre Limited (“the company”) is an approved charitable institution incorporated and domiciled in Hong Kong and has its registered office and principal place of operation at No.8 Mei Yuen Street, Sai Kung, New Territories, Hong Kong. The principal activities of the company are organising and promoting non-profitable leisure activities for the general public in order to enhance the health and well-being of Hong Kong citizens.

The company is an approved charitable institution and is exempted from tax under section 88 of the Inland Revenue Ordinance.

2. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within bank borrowings in current liabilities on the statement of financial position.

(c) Accounts receivables and prepayments

Accounts receivables and prepayments are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(d) Accounts payables and accruals

Accounts payables and accruals are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (continued)

(e) Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to an unrelated market participant at fair value at the reporting date. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(f) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the company acquires leasehold land for own use under a finance lease, the prepaid cost included in property, plant and equipment on initial recognition represents the fair value of the leasehold land, or if lower, the present value of the minimum lease payments, determined at the inception of the lease and any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease).

The other cost of such items of property, plant and equipment comprises the following:

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

2. Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Buildings	Shorter of remaining terms of leases or 50 years
Motor vehicles	20%
Furniture and fixtures	25%

All other repairs and maintenance are expensed in the income statement during the financial year in which they are incurred.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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) Employee benefit obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement 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.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2. Significant accounting policies (continued)

(i) Revenue recognition

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, as follows:

(i) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Government grants related to income are recognised as income over the periods necessary to match them with the related costs.

Where a refund is required under the terms of the agreement and a refund is probable, a liability is recognised for the expected amount of the refund.

(ii) Donations are recognised upon the amount are properly received.

(iii) Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

(j) Impairment of non-financial assets

At each reporting date, property, plant and equipment, intangible assets, and investments in subsidiaries and associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(k) Related parties

(I) A person or a close member of that person's family is related to the company if that person:

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

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Significant accounting policies (continued)

(k) Related parties (continued)

(II) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company 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 company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company.
- (vi) The entity is controlled or jointly controlled by a person identified in (I).
- (vii) A person identified in (I)(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 of which it is a part, provides key management personnel services to the company or to the company'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.

3. Social Welfare Department subvention

This represents net amount of subventions from the Social Welfare Department and recognised during the year:

	2021 HK\$	2020 HK\$
Salaries	7,807,532	7,790,301
Contributions to defined contribution plan	490,403	490,554
Utilities in providing services	55,546	--
Rent and rates	23,747	22,900
Repairs and maintenance	112,347	149,818
Social Welfare Development fund - Co-workers training grant	272,190	25,708
Social Welfare Development fund - System computerisation grant	39,055	61,160
After-school tutoring	144,824	132,300
School-based after-school learning and support programmes	--	50,146
	<u>8,945,644</u>	<u>8,722,887</u>

SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. Other income

	2021 HK\$	2020 HK\$
Bank interest income	159	1,520
Community fund	11,307,539	12,186,131
Donation received	96,218	116,717
Gain on disposals of property, plant and equipment	3,000	-
Income from fund raising	163,993	218,029
Sponsor from The Community Chest	1,173,480	1,035,700
Sundry income	959,860	53,372
	<u>13,704,249</u>	<u>13,611,469</u>

5. Administrative expenses

	2021 HK\$	2020 HK\$
Auditor's remuneration	38,600	76,600
Bank automatic transfer fees	7,934	7,194
Cleaning fees	5,206	-
Insurance	314,175	334,844
MPF administrative charges	447	-
Postages	565	10,845
Recruitment fees	7,576	9,196
Telephone and internet expenses	83,540	102,838
	<u>458,043</u>	<u>541,517</u>

6. Miscellaneous expenses

	2021 HK\$	2020 HK\$
Depreciation	228,610	251,798
Fund expenses	448,492	237,730
Sundry expenses	127,943	283,283
	<u>805,045</u>	<u>772,811</u>

7. Usage of LSG reserve

	2021 HK\$	2020 HK\$
Salaries	128,000	-
Provident fund	6,000	-
Consumables and repairs	244,985	-
Subsidies on studies by co-workers	71,330	-
Computer system maintenance	150,113	-
Sundries - subsidised services	164,000	66,000
	<u>764,428</u>	<u>66,000</u>

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8. Deficit before tax

Deficit for the year is arrived at after charging:

	2021 HK\$	2020 HK\$
(a) Staff costs:		
Contributions to defined contribution plan	803,225	884,880
Salaries and other staff costs, including director's remuneration	<u>15,895,396</u>	<u>16,127,002</u>
	<u>16,698,621</u>	<u>17,011,882</u>
(b) Other items:		
Auditor's remuneration		
- for the year	38,600	51,000
- underprovision for previous year	--	25,600
Depreciation	<u>228,610</u>	<u>251,798</u>

9. Director's remuneration

Director's remuneration 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 are as follows:

	2021 HK\$	2020 HK\$
Fees	--	--
Contributions to defined contribution plan	--	--
Other emoluments	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

10. Income tax expense

(a) No provision for Hong Kong Profits Tax has been made as the company is exempted from tax under section 88 of the Inland Revenue Ordinance for the year (2020: Nil).

(b) Reconciliation between tax expense and accounting deficit at applicable tax rates:

	2021 HK\$	2020 HK\$
Deficit before tax	(<u>702,261</u>)	(<u>429,976</u>)
Notional tax credit on deficit before tax, calculated at the rates applicable to profits in Hong Kong i.e.16.5%	(115,873)	(70,946)
Tax effect of non-taxable revenue	(3,868,774)	(4,744,566)
Tax effect of non-deductible expenses	<u>3,984,647</u>	<u>4,815,512</u>
Actual tax expense	<u>--</u>	<u>--</u>

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11. Property, plant and equipment

	Buildings HK\$	Motor vehicles HK\$	Furniture and fixtures HK\$	Total HK\$
Cost:				
At 1 April 2020	144,920	1,080,333	66,300	1,291,553
Disposals	-- (34,648)	-- (34,648)
At 31 March 2021	<u>144,920</u>	<u>1,045,685</u>	<u>66,300</u>	<u>1,256,905</u>
Accumulated depreciation:				
At 1 April 2020	26,086	623,196	49,725	699,007
Charge for the year	2,898	209,137	16,575	228,610
Written back on disposals	-- (34,648)	-- (34,648)
At 31 March 2021	<u>28,984</u>	<u>797,685</u>	<u>66,300</u>	<u>892,969</u>
Net book value:				
At 31 March 2021	<u>115,936</u>	<u>248,000</u>	<u>--</u>	<u>363,936</u>
Cost:				
At 1 April 2019 and at 31 March 2020	<u>144,920</u>	<u>1,080,333</u>	<u>66,300</u>	<u>1,291,553</u>
Accumulated depreciation:				
At 1 April 2019	--	414,059	33,150	447,209
Charge for the year	26,086	209,137	16,575	251,798
At 31 March 2020	<u>26,086</u>	<u>623,196</u>	<u>49,725</u>	<u>699,007</u>
Net book value:				
At 31 March 2020	<u>118,834</u>	<u>457,137</u>	<u>16,575</u>	<u>592,546</u>

12. Cash and cash equivalents

	2021 HK\$	2020 HK\$
Cash at banks and in hand in the statement of financial position and cash and cash equivalents in the statement of cash flows	<u>8,377,707</u>	<u>10,367,067</u>

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13. Social Welfare Department Lotteries Fund – Block Grant

	2021 HK\$	2020 HK\$
Balance of Block Grant Reserve brought forward	2,082	32,900
Block Grant received during the year	125,000	119,000
Interest income received	--	--
	<u>125,000</u>	<u>119,000</u>
Expenditure during the year		
Computer equipment	--	--
Furniture and equipment	--	(104,764)
Leasehold improvements	--	--
Other electrical appliance	--	--
Other office equipment	--	--
Minor works projects	(112,347)	(45,054)
	<u>(112,347)</u>	<u>(149,818)</u>
Balance of Block Grant Reserve carried forward	<u>14,735</u>	<u>2,082</u>

14. Social Welfare Development Fund (“SWDF”) Phase 2

	2021 HK\$	2020 HK\$
Balance of SWDF Phase 2 brought forward	124,924	124,924
Expenditure during the year		
Expenditure for projects under scope A (i)	--	--
Expenditure for projects under scope A (Non-IT) (ii)	--	--
Expenditure for projects under scope B (IT) overstated in prior years (ii)	--	--
Expenditure for projects under scope C overstated in prior years (iii)	--	--
Expenditure for administrative support	--	--
	<u>--</u>	<u>--</u>
Clawed back	(124,924)	--
	<u>--</u>	<u>--</u>
Balance of SWDF Phase 2 carried forward	<u>--</u>	<u>124,924</u>

- (i) Scope A – Training and professional development programmes
(ii) Scope B – Business system upgrading projects
(iii) Scope C – Studies

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15. Social Welfare Development Fund (“SWDF”) Phase 3

	2021 HK\$	2020 HK\$
Balance of SWDF Phase 3 brought forward	496,524	448,340
Income during the year		
Allocation from SWDF during the year	31,500	135,050
Interest received	2	2
	31,502	135,052
Expenditure during the year		
Expenditure for projects under scope A (i)	(144,690)	(25,708)
Expenditure for projects under scope A (Non-IT) (ii)	(127,500)	--
Expenditure for projects under scope B (IT) (ii)	(41,055)	(61,160)
Expenditure for projects under scope C (iii)	--	--
Expenditure for administrative support	--	--
	(313,245)	(86,868)
Balance of SWDF Phase 3 carried forward	214,781	496,524
(i) Scope A – Training and professional development programmes		
(ii) Scope B – Business system upgrading projects		
(iii) Scope C – Studies		

16. Capital commitments

Capital commitments outstanding at 31 March 2021 not provided for in the financial statements were as follows:

	2021 HK\$	2020 HK\$
Contracted for	117,500	--

17. Commitments under operating leases

At 31 March 2021, the company had the following total future minimum lease payments payable under non-cancellable operating leases:

	2021 HK\$	2020 HK\$
Within 1 year	698,400	--
After 1 year	498,858	--
	1,197,258	--

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18. Other related party transactions

Remuneration of key management personnel, including amounts paid to the company's directors as disclosed in note 8 to the financial statements, is as follows:

	2021 HK\$	2020 HK\$
Short-term employee benefits	971,880	886,680
Post-employment benefits	<u>97,188</u>	<u>88,668</u>
	<u>1,069,068</u>	<u>975,348</u>

Total remuneration is included in "staff costs" [see note 8(a)].

19. Flag day fund

(a) Covered by Public Subscription Permit No.: FD/R064/2020 held on 18 July 2020

	HK\$
Income	
Donations raised from Online Flag Day	152,263

Expenditure	
Miscellaneous	(4,969)
Postage	(1,568)
Printing	(14,550)
Promotion and advertising	(<u>27,960</u>)
	(49,047)

Excess of income over expenditure	<u>103,216</u>

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19. Flag day fund (continued)

(b) Use of donations collected from the flag day on 18 July 2020

	Ratio (%) of the amount	Total HK\$
Net surplus in flag day fundraising	100%	103,216
<u>Name of events</u>		
Parenting support and education services to deprived families with toddlers in Sai Kung rural area	63%	65,366
Health care and supportive services for elderly in village area and to expand service site in villages	4%	4,318
To explore service model for primary health care in rural area and promote medical-social collaboration	33%	33,532
	100%	103,216
Flag day fund c/f	0%	--

20. Members' liability

The liability of each member to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, is limited to HK\$10.

21. Key sources of estimation uncertainty

In the opinion of the committee members, there is no material estimation uncertainty in preparing these financial statements that needed to be disclosed.

22. Approval of financial statements

These financial statements were authorised for issue by the company's board of directors on 22 October 2021.