

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
(FORMERLY KNOWN AS 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 2022

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
(FORMERLY KNOWN AS SAI KUNG DISTRICT COMMUNITY CENTRE LIMITED
西貢區社區中心有限公司)
YEAR ENDED 31 MARCH 2022

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2022.

Change of organisation's name

The name of the organisation was changed from Sai Kung District Community Centre Limited 西貢區社區中心有限公司 to Sai Kung District Community Centre 西貢區社區中心 on 16 June 2022.

Business review

Sai Kung District Community Centre was established in the year of 1970. The organisation 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 2022, total income has recorded an increase of HK\$4,533,369 from HK\$23,447,114 for the year ended 31 March 2021 to HK\$27,980,483 for the year ended 31 March 2022.

During the reporting period, the organisation 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

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Business review (continued)

Principal risks and uncertainties

Under the “new normal” living environment, the organisation is able to provide the long awaiting services to different users since second quarter of 2021. The drop-in service was resumed while the summer programmes and learning classes were in high demand again. However, with the severe impact of the mass outbreak of the 5th wave of COVID-19 since January 2022, once again Hong Kong was seriously affected without a doubt. The organisation’s services had been severely affected. With the extreme high infection rate, the organisation was forced to abandon face-to-face contact on work or switch to on-line services. Most of the learning classes were suspended in last quarter of the financial year, let alone the early arrival of school summer holiday programmes/activities were scaled down substantially. After all, the organisation has gradually resumed normal services and drop-in service until May of 2022.

Apart from the above, the organisation is not aware of any other particulars or important events would have a significant impact in near future.

Principal activities

The principal activities of the organisation are the organisation and promotion of 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 organisation for the year ended 31 March 2022 and the state of the organisation’s affairs as at that date are set out in the financial statements on pages 7 to 22.

Directors

The directors of the organisation 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 organisation’s Articles of Association concerning the rotation of directors, all the present directors would continue in office for the ensuing year.

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Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the directors of the organisation is currently in force.

Directors' interests in shares or debentures

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

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the organisation was a party in which a director of the organisation 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 organisation is to be proposed at the forthcoming annual general meeting.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE
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Opinion

We have audited the financial statements of Sai Kung District Community Centre (formerly known as Sai Kung District Community Centre Limited) (“the organisation”) set out on pages 7 to 22, which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, the statement of changes in 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 organisation as at 31 March 2022 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 Companies Ordinance.

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 organisation 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.

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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 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 organisation'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 organisation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organisation'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 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 organisation'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
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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 organisation'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 organisation 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

26 October 2022

SAI KUNG DISTRICT COMMUNITY CENTRE
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 HK\$	2021 HK\$
Revenue			
Social Welfare Department (“SWD”) subventions	4	8,895,372	8,945,644
Other subventions income		14,535,608	11,307,539
Programme income		2,576,604	703,181
Sponsor from The Community Chest		1,067,568	1,173,480
Service fee income		520,702	91,780
Donations income		340,565	96,218
Income from fund raising		--	163,993
Membership fee income		4,805	2,260
		<u>27,941,224</u>	<u>22,484,095</u>
Other income	5	<u>28,009</u>	<u>963,019</u>
Expenditure			
Personal emoluments		(16,896,455)	(16,564,621)
Utilities		(210,668)	(123,292)
Administrative expenses	6	(524,664)	(458,043)
Stores and equipment		(722,657)	(319,824)
Travelling and transportation		(139,131)	(55,026)
Programme expenses		(7,940,454)	(4,399,537)
Repairs and maintenance		--	(8,100)
Rent and rates		(764,987)	(634,571)
Depreciation		(126,899)	(228,610)
SWD subventions expenditure	7	(178,385)	(1,212,920)
Sundry expenses		(98,097)	(127,943)
		<u>(27,602,397)</u>	<u>(24,132,487)</u>
Surplus/(deficit) before tax	8	366,836	(685,373)
Income tax expense	10	<u>--</u>	<u>--</u>
Surplus/(deficit) for the year		366,836	(685,373)
Claw back of LSG reserve		--	(16,888)
Other comprehensive surplus for the year		<u>--</u>	<u>--</u>
Total comprehensive surplus/(deficit) for the year		<u>366,836</u>	<u>(702,261)</u>

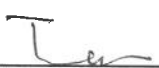
The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

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STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

	Note	2022 HK\$	2022 HK\$	2021 HK\$
Non-current assets				
Property, plant and equipment	11		237,037	363,936
Current assets				
Subventions receivables		1,767,665		1,877,008
Prepayments		1,377		33,145
Deposits paid		100,064		33,000
Cash and cash equivalents	12	4,900,674		8,377,707
		6,769,780		10,320,860
Current liabilities				
Accruals		(359,239)		(247,408)
Receipts in advance		(1,964,010)		(6,101,173)
		(2,323,249)		(6,348,581)
Net current assets				
			4,446,531	3,972,279
Net assets				
			4,683,568	4,336,215
Reserves				
SWD funds			2,372,774	2,420,356
Accumulated funds			2,310,794	1,915,859
			4,683,568	4,336,215

Approved on behalf of the board by:



 Yuen To Shing
 Director



 Cheung To Shing
 Director

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

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STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2022

	SWD funds			Accumulated funds			Total HK\$
	Social welfare subvention surpluses account HK\$	Lump sum grant P.F. surplus reserve HK\$	Sub-total HK\$	Operational fund HK\$	Emergency assistance fund HK\$	Sub-total HK\$	
At 1 April 2020	2,215,038	398,880	2,613,918	1,354,740	1,103,284	2,458,024	5,071,942
Total comprehensive (deficit)/ surplus for the year	(339,305)	85,640 (	253,665 ) (	448,596 ) (	-- (	448,596 ) (	702,261) (
Adjustment of operational fund	--	--	--	33,466 )	-- (	33,466 ) (	33,466) (
Adjustment of Lump sum grant P.F. surplus reserve	--	60,103	60,103	(60,103 )	-- (	( 60,103)	--
At 31 March 2021	<u>1,875,733</u>	<u>544,623</u>	<u>2,420,356</u>	<u>812,575</u>	<u>1,103,284</u>	<u>1,915,859</u>	<u>4,336,215</u>
At 1 April 2021	1,875,733	544,623	2,420,356	812,575	1,103,284	1,915,859	4,336,215
Total comprehensive (deficit)/ surplus for the year	(185,946)	120,589 (	65,357)	432,193	--	432,193	366,836
Refunds to the government	(19,483 )	-- (	19,483 )	--	--	-- (	19,483)
Adjustments of social welfare subvention surpluses account	37,258	--	37,258	(37,258 )	-- (	( 37,258)	--
At 31 March 2022	<u>1,707,562</u>	<u>665,212</u>	<u>2,372,774</u>	<u>1,207,510</u>	<u>1,103,284</u>	<u>2,310,794</u>	<u>4,683,568</u>

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

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STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 HK\$	2021 HK\$
Operating activities			
Surplus/(deficit) before tax		366,836	(702,261)
Adjustments for:			
Bank interest income	(	105)	(159)
Depreciation		126,899	228,610
Gain on disposals of property plant and equipment		--	(3,000)
Operating surplus/(deficit) before changes in working capital		493,630	(476,810)
Decrease in subventions receivables		109,343	1,264,237
Decrease/(increase) in prepayments		31,768	(19,920)
Increase in deposits paid	(	67,064)	--
Increase/(decrease) in accruals		111,831	(240,139)
Decrease in receipts in advance	(	4,137,163)	(2,472,137)
Decrease in temporary receipt		--	(47,750)
Net cash used in operating activities		(3,457,655)	(1,992,519)
Investing activities			
Bank interest received		105	159
Proceeds from sales of property, plant and equipment		--	3,000
Net cash generated from investing activities		105	3,159
Financing activities			
Refunds to the government	(	19,483)	--
Net cash used in financing activities	(	19,483)	--
Net decrease in cash and cash equivalents	(	3,477,033)	(1,989,360)
Cash and cash equivalents at the beginning of the year		8,377,707	10,367,067
Cash and cash equivalents at the end of the year	12	4,900,674	8,377,707

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NOTES TO THE FINANCIAL STATEMENTS

1. General status

Sai Kung District Community Centre (“the organisation”) is 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 organisation are the organisation and promotion of non-profitable leisure activities for the general public in order to enhance the health and well-being of Hong Kong citizens.

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

2. Change of organisation’s name

The name of the organisation was changed from Sai Kung District Community Centre Limited 西貢區社區中心有限公司 to Sai Kung District Community Centre 西貢區社區中心 on 16 June 2022.

3. Significant accounting policies

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 Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention.

(a) Cash and cash equivalents

Cash and cash equivalents include 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.

(b) 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 organisation will not be able to collect all amounts due according to the original terms of the receivables.

(c) 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.

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3. Significant accounting policies (continued)

(d) 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 organisation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 end of the reporting period 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 end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the organisation expects, at the end of the reporting period, 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 end of the reporting period. 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.

(e) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses [see note 3(i)].

Where the organisation 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).

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3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

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.

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 organisation 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.

(f) 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.

(g) 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 organisation. All other leases are classified as operating leases.

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3. Significant accounting policies (continued)

(g) Leases (continued)

Rights to assets held under finance leases are recognised as assets of the organisation 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 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.

(h) Revenue recognition

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

(i) Government grants

Government grants are recognised at their fair values 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) Subvention income, sponsor income and program income are recognised when the corresponding activities are held.

(iii) Donation income is recognised when the right to receive is established.

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

(i) Impairment of non-financial assets

At each end of the reporting period, property, plant and equipment 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.

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3. Significant accounting policies (continued)

(j) Related parties

- (I) A person or a close member of that person's family is related to the organisation if that person:
- (i) has control or joint control over the organisation;
 - (ii) has significant influence over the organisation; or
 - (iii) is a member of the key management personnel of the organisation or the organisation's parent.
- (II) An entity is related to the organisation if any of the following conditions applies:
- (i) The entity and the organisation 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 organisation or an entity related to the organisation. If the organisation is itself such a plan, the sponsoring employers are also related to the organisation.
 - (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 organisation or to the organisation'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.

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4. Social Welfare Department subventions

This represents net amounts of subventions from the SWD and recognised during the year:

	2022 HK\$	2021 HK\$
Lum sum grant	7,870,647	7,807,532
Provident fund	490,403	490,403
Electricity costs	--	55,546
Rent and rates	40,965	23,747
Block grant	106,295	112,347
Social Welfare Development fund		
- Studies: co-workers training	35,950	272,190
- Business system upgrading projects: computerisation	80,920	39,055
After-school care	<u>270,192</u>	<u>144,824</u>
	<u>8,895,372</u>	<u>8,945,644</u>

5. Other income

	2022 HK\$	2021 HK\$
Bank interest income	105	159
Gain on disposals of property, plant and equipment	--	3,000
Sundry income	<u>27,904</u>	<u>959,860</u>
	<u>28,009</u>	<u>963,019</u>

6. Administrative expenses

	2022 HK\$	2021 HK\$
Auditor's remuneration	76,480	38,600
Bank charges	11,516	7,934
Cleaning fees	4,900	5,206
Fire safety system maintenance	3,350	--
Insurance	326,294	314,175
MPF administrative charges	--	447
Postages	533	565
Recruitment fees	21,284	7,576
Telephone and internet expenses	<u>80,307</u>	<u>83,540</u>
	<u>524,664</u>	<u>458,043</u>

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7. SWD subventions expenditure

	2022 HK\$	2021 HK\$
Salaries	--	128,000
Provident fund	--	6,000
Consumables and repairs	106,295	357,332
Subsidies on studies by co-workers	19,590	366,420
Computer system maintenance	52,500	191,168
Sundries - subsidised services	--	164,000
	<u>178,385</u>	<u>1,212,920</u>

8. Surplus/(deficit) before tax

Surplus/(deficit) for the year is arrived at after charging:

	2022 HK\$	2021 HK\$
(a) Staff costs:		
Contributions to defined contribution plan	703,899	803,225
Salaries and other staff costs, including directors' remuneration	<u>16,192,556</u>	<u>15,895,396</u>
	<u>16,896,455</u>	<u>16,698,621</u>
(b) Other items:		
Auditor's remuneration	76,480	38,600
Depreciation	<u>126,899</u>	<u>228,610</u>

9. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2022 HK\$	2021 HK\$
Fees	--	--
Contributions to defined contribution plan	--	--
Other emoluments	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

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10. Income tax expense

- (a) No provision for Hong Kong Profits Tax has been made as the organisation is exempted from tax under section 88 of the Inland Revenue Ordinance for the year (2021: Nil).
- (b) No provision for deferred tax has been made for the year as the organisation does not have material temporary differences as at 31 March 2022 (2021: Nil).
- (c) Reconciliation between tax expense and accounting surplus/(deficit) at applicable tax rates:

	2022 HK\$	2021 HK\$
Surplus/(deficit) before tax	<u>366,836</u>	<u>(702,261)</u>
Notional tax on surplus/(deficit) before tax, calculated at the rates applicable to profits in Hong Kong i.e. 16.5% (2021: 16.5%)	60,528	(115,873)
Tax effect of non-taxable revenue	(4,614,923)	(3,868,774)
Tax effect of non-deductible expenses	<u>4,554,395</u>	<u>3,984,647</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 2021 and at 31 March 2022	144,920	1,045,685	66,300	1,256,905
Accumulated depreciation:				
At 1 April 2021	28,984	797,685	66,300	892,969
Charge for the year	2,899	124,000	--	126,899
At 31 March 2022	31,883	921,685	66,300	1,019,868
Net book value:				
At 31 March 2022	113,037	124,000	--	237,037
Cost:				
At 1 April 2020	144,920	1,080,333	66,300	1,291,553
Disposals	-- (	34,648 )	-- (	34,648)
At 31 March 2021	144,920	1,045,685	66,300	1,256,905
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	28,984	797,685	66,300	892,969
Net book value:				
At 31 March 2021	115,936	248,000	--	363,936

12. Cash and cash equivalents

	2022 HK\$	2021 HK\$
Cash and cash equivalents in the statement of financial position and cash in the statement of cash flows	4,900,674	8,377,707

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13. Lotteries Fund – Block Grant

	2022 HK\$	2021 HK\$
Balance brought forward	14,735	2,082
Income during the year - Grants received	126,000	125,000
Expenditure during the year - Minor works projects	(106,295)	(112,347)
Balance carried forward	<u>34,440</u>	<u>14,735</u>

14. Social Welfare Development Fund - Phase 2

	2022 HK\$	2021 HK\$
Balance brought forward	--	124,924
Income during the year	--	--
Expenditure during the year	--	--
Clawed back by SWD	<u>--</u>	(124,924)
Balance carried forward	<u>--</u>	<u>--</u>

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15. Social Welfare Development Fund - Phase 3

	2022 HK\$	2021 HK\$
Balance brought forward	214,781	496,524
Income during the year		
- Allocation from SWDF during the year	28,500	31,500
- Interest received	2	2
	28,502	31,502
Expenditure during the year		
- Expenditure for projects under scope A (i)	(18,370)	(144,690)
- Expenditure for projects under scope B (Non-IT) (ii)	(52,500)	(127,500)
- Expenditure for projects under scope B (IT) (ii)	--	(41,055)
- Expenditure for administrative support	(46,000)	--
	(116,870)	(313,245)
Balance carried forward	126,413	214,781
(i) Scope A – Training and professional development programmes		
(ii) Scope B – Business system upgrading projects		

16. Capital commitments

Capital commitments outstanding at 31 March 2022 not provided for in the financial statements were as follows:

	2022 HK\$	2021 HK\$
Contracted for	--	117,500

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17. Commitments under operating leases

At 31 March 2022, the organisation had the following total future minimum lease payments payable under non-cancellable operating leases:

	2022 HK\$	2021 HK\$
Within 1 year	523,802	598,629
Later than 1 year	--	523,802
	<u>523,802</u>	<u>1,122,431</u>

18. Other related party transactions

Remuneration of key management personnel, including amounts paid to the organisation's directors as disclosed in note 9 to the financial statements, is as follows:

	2022 HK\$	2021 HK\$
Short-term employee benefits	1,190,752	971,880
Post-employment benefits	<u>119,075</u>	<u>97,188</u>
	<u>1,309,827</u>	<u>1,069,068</u>

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

19. Members' liability

The liability of each member to contribute to the assets of the organisation 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.

20. Key sources of estimation uncertainty

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

21. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

22. Approval of financial statements

These financial statements were authorised for issue by the organisation's board of directors on 26 October 2022.