

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 2023

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 2023

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 2023.

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 2023, total income has recorded a decrease of HK\$648,562 from HK\$27,969,233 for the year ended 31 March 2022 to HK\$27,320,671 for the year ended 31 March 2023.

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

The organisation is able to embrace the “new normal” as the pandemic recedes and has gradually resumed normal services and drop-in service since May of 2022. After more than three years of experience with the pandemic, the organisation has become more mature in stabilizing the sources of income and controlling the expenditure, coupled with high morale and hard work of the team, the overall financial performance is rather stable even with the badly attack of the 5th wave of COVID-19.

Yet its debilitating effects linger on for children, young people, families and elders, raising demand for support for physical and mental health, and education support during the recovery. With continuing support of various funding and specific charity foundations, the organisation has actively engaged in school services and launched new primary health care service to the elders of the district.

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 2023 and the state of the organisation’s affairs as at that date are set out in the financial statements on pages 7 to 21.

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
Lok Shui Sang
Mo Ka Hung Joseph
So Kwok Hing
Wan Keung
Yuen To Shing
Lai Sung Tak (appointed on 15 August 2023)
Li Fuk Hong (resigned on 4 July 2023)

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
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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 21, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, the statement of changes in reserves and funds 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 2023 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 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.
- 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 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

27 October 2023

SAI KUNG DISTRICT COMMUNITY CENTRE
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 HK\$	2022 HK\$
Revenue			
Social Welfare Department (“SWD”) subventions	4	9,021,747	8,895,372
Other subventions income		13,277,794	14,535,608
Programme income		2,333,417	2,567,164
Income from The Community Chest allocations		1,066,800	1,067,568
Income from The Hong Kong Jockey Club donations		506,736	--
Service fee income		407,433	520,702
Donations income		193,024	340,565
Flag day income		114,607	9,440
Membership fee income		14,830	4,805
		<u>26,936,388</u>	<u>27,941,224</u>
Other income	5	<u>384,283</u>	<u>28,009</u>
Expenditure			
Personal emoluments		(15,739,254)	(16,896,455)
Utilities		(202,496)	(210,668)
Administrative expenses	6	(292,100)	(198,370)
Stores and equipment		(301,312)	(722,657)
Repairs and maintenance		(184,446)	--
Programme expenses		(8,774,833)	(7,940,454)
Travelling and transportation		(206,307)	(139,131)
Insurance		(321,574)	(326,294)
Miscellaneous expenses		(139,664)	(98,097)
Rent and rates		(643,330)	(764,987)
Depreciation		(216,498)	(126,899)
SWD non-routine subventions expenditure	7	(<u>196,273</u>)	(<u>178,385</u>)
		<u>(27,218,087)</u>	<u>(27,602,397)</u>
Surplus before tax	8	102,584	366,836
Income tax expense	10	<u>--</u>	<u>--</u>
Surplus for the year		102,584	366,836
Other comprehensive surplus for the year		<u>--</u>	<u>--</u>
Total comprehensive surplus for the year		<u>102,584</u>	<u>366,836</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 2023

	Note	2023 HK\$	2023 HK\$	2022 HK\$
Non-current assets				
Property, plant and equipment	11		468,539	237,037

Current assets				
Subventions receivables		2,288,418		1,767,665
Prepayments		263,234		1,377
Deposits paid		102,764		100,064
Cash and cash equivalents	12	<u>4,401,152</u>		<u>4,900,674</u>
		7,055,568		6,769,780
		-----		-----
Current liabilities				
Accruals		(216,990)		(359,239)
Receipts in advance		(2,190,880)		(1,964,010)
Deferred income		<u>(358,400)</u>		<u>--</u>
		(2,766,270)		(2,323,249)
		-----		-----
Net current assets			4,289,298	4,446,531
			-----	-----
Net assets			<u>4,757,837</u>	<u>4,683,568</u>
Reserves and funds				
SWD funds			1,932,446	2,372,774
Accumulated funds			<u>2,825,391</u>	<u>2,310,794</u>
			<u>4,757,837</u>	<u>4,683,568</u>

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STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH 2023

	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 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>
At 1 April 2022	1,707,562	665,212	2,372,774	1,207,510	1,103,284	2,310,794	4,683,568
Total comprehensive (deficit)/ surplus for the year	(515,843)	141,518	(374,325)	476,909	--	476,909	102,584
Refunded to the government	(28,315)	--	(28,315)	--	--	--	(28,315)
Adjustments as advised by SWD	(43,130)	5,442	(37,688)	37,688	--	37,688	--
At 31 March 2023	<u>1,120,274</u>	<u>812,172</u>	<u>1,932,446</u>	<u>1,722,107</u>	<u>1,103,284</u>	<u>2,825,391</u>	<u>4,757,837</u>

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 HK\$	2022 HK\$
Operating activities			
Surplus before tax		102,584	366,836
Adjustments for:			
Bank interest income	(	6,465)	(105)
Depreciation		<u>216,498</u>	<u>126,899</u>
Operating surplus before changes in working capital		312,617	493,630
(Increase)/decrease in subventions receivables	(	520,753)	109,343
(Increase)/decrease in prepayments	(	261,857)	31,768
Increase in deposits paid	(	2,700)	(67,064)
(Decrease)/increase in accruals	(	142,249)	111,831
Increase/(decrease) in receipts in advance		226,870	(4,137,163)
Increase in deferred income		<u>358,400</u>	<u>--</u>
Net cash used in operating activities	(	<u>29,672</u>)	(<u>3,457,655</u>)
Investing activities			
Bank interest received		6,465	105
Payment for acquisition of property, plant and equipment	(	<u>448,000</u>)	<u>--</u>
Net cash (used in)/generated from investing activities	(	<u>441,535</u>)	<u>105</u>
Financing activities			
Refunded to the government	(	<u>28,315</u>)	(<u>19,483</u>)
Net cash used in financing activities	(	<u>28,315</u>)	(<u>19,483</u>)
Net decrease in cash and cash equivalents	(	<u>499,522</u>)	(<u>3,477,033</u>)
Cash and cash equivalents at the beginning of the year		<u>4,900,674</u>	<u>8,377,707</u>
Cash and cash equivalents at the end of the year	12	<u><u>4,401,152</u></u>	<u><u>4,900,674</u></u>

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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.

(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.

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3. Significant accounting policies (continued)

(d) 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 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).

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.

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3. Significant accounting policies (continued)

(e) 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 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%

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.

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.

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3. Significant accounting policies (continued)

(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 are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with;
- (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; and
- (iv) Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the interest applicable.

(i) Impairment of non-financial assets

At the end of each 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.

(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.

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3. Significant accounting policies (continued)

(j) Related parties (continued)

(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.

4. Social Welfare Department subventions

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

	2023 HK\$	2022 HK\$
Lum sum grant	7,976,390	7,870,647
Provident fund	497,638	490,403
Rent and rates	23,747	40,965
Block grant	155,493	106,295
Social Welfare Development fund		
- training and professional development programmes	43,780	35,950
- business system upgrading projects	--	80,920
Central item - After-school care programme	304,699	270,192
Special COVID-19 grant	20,000	--
	<u>9,021,747</u>	<u>8,895,372</u>

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5. Other income

	2023 HK\$	2022 HK\$
Bank interest income	6,465	105
Government employment subsidy	356,000	--
Gain on disposals of property, plant and equipment	3,000	--
Sundry income	18,818	27,904
	<u>384,283</u>	<u>28,009</u>

6. Administrative expenses

	2023 HK\$	2022 HK\$
Auditor's remuneration	73,680	76,480
Bank charges	6,267	11,516
Cleaning fees	--	4,900
Fire safety system maintenance	4,950	3,350
Postages	1,458	533
Recruitment fees	31,136	21,284
Training fees	77,720	--
Telephone and internet expenses	96,889	80,307
	<u>292,100</u>	<u>198,370</u>

7. SWD non-routine subventions expenditure

	2023 HK\$	2022 HK\$
Block grant - minor work projects	155,493	106,295
Social Welfare Development Fund		
- training and professional development programmes	40,780	19,590
- business system upgrading projects	--	52,500
	<u>196,273</u>	<u>178,385</u>

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8. Surplus before tax

Surplus for the year is arrived at after charging:

	2023 HK\$	2022 HK\$
(a) Staff costs:		
Contributions to defined contribution plan	694,314	703,899
Salaries and other staff costs, including directors' remuneration	<u>15,122,660</u>	<u>16,192,556</u>
	<u>15,816,974</u>	<u>16,896,455</u>
(b) Other items:		
Auditor's remuneration	73,680	76,480
Depreciation	<u>216,498</u>	<u>126,899</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:

	2023 HK\$	2022 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 organisation is exempted from tax under section 88 of the Inland Revenue Ordinance for the year (2022: 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 2023 (2022: Nil).
- (c) Reconciliation between tax expense and accounting surplus at applicable tax rates:

	2023 HK\$	2022 HK\$
Surplus before tax	<u>102,584</u>	<u>366,836</u>
Notional tax on surplus before tax, calculated at the rates applicable to profits in Hong Kong i.e. 16.5% (2022: 16.5%)	16,926	60,528
Tax effect of non-taxable revenue	(4,507,910)	(4,614,923)
Tax effect of non-deductible expenses	<u>4,490,984</u>	<u>4,554,395</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 2022	144,920	1,045,685	66,300	1,256,905
Additions	--	448,000	--	448,000
Disposals	-- (	425,685)	-- (	425,685)
At 1 April 2023	144,920	1,068,000	66,300	1,279,220
Accumulated depreciation:				
At 1 April 2022	31,883	921,685	66,300	1,019,868
Charge for the year	2,898	213,600	--	216,498
Written back upon disposals	-- (	425,685)	-- (	425,685)
At 31 March 2023	34,781	709,600	66,300	810,681
Net book value:				
At 31 March 2023	110,139	358,400	--	468,539

12. Cash and cash equivalents

	2023 HK\$	2022 HK\$
Cash and cash equivalents in the statement of financial position and in the statement of cash flows	4,401,152	4,900,674

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13. Lotteries Fund - Block Grant

	2023 HK\$	2022 HK\$
Balance brought forward	34,440	14,735
Grants received during the year	125,000	126,000
Expenditure during the year - Minor works projects	(155,493)	(106,295)
Balance carried forward	<u>3,947</u>	<u>34,440</u>

14. Social Welfare Development Fund - Phase 3

	2023 HK\$	2022 HK\$
Balance brought forward	<u>126,413</u>	<u>214,781</u>
Grants received during the year	--	28,500
Interest received during the year	231	2
Refund of expenditure in prior year	<u>3,248</u>	--
Expenditure during the year		
- Expenditure for projects under scope A (i)	(40,780)	(18,370)
- Expenditure for projects under scope B (Non-IT) (ii)	--	(52,500)
- Expenditure for administrative support	(3,000)	(46,000)
	<u>(43,780)</u>	<u>(116,870)</u>
Balance carried forward	<u>86,112</u>	<u>126,413</u>

(i) Scope A - Training and professional development programmes

(ii) Scope B - Business system upgrading projects

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15. Net proceeds from Flay Day fund raising activities

During the year ended 31 March 2023, the organisation held Flag Day fund raising activities in public places of New Territories region on 7 May 2022.

(a) Covered by Public Subscription Permit No.: FD/R003/2022

	HK\$
Income	
Donations raised from online and street selling	
- received during the year ended 31 March 2022	9,440
- received during the year ended 31 March 2023	<u>114,607</u>
	124,047

Expenditure	
Banner and printing	(6,603)
Miscellaneous	(1,424)
Postage	(1,676)
Stationery	(1,722)
Transportation	<u>(422)</u>
	(11,847)

Excess of income over expenditure	<u><u>112,200</u></u>

(b) Usage of the Flay Day donations

The net proceeds raised from the Flay Day fund raising activities had been used for the following items:

	Percentage of net proceeds %	Total used amounts HK\$
Child care and family services	20	22,440
Elderly and primary healthcare services	30	33,660
Rural support services	<u>50</u>	<u>56,100</u>
Total	<u>100</u>	<u>112,200</u>

16. Capital commitments

Capital commitments outstanding at 31 March 2023 not provided for in the financial statements were as follows:

	2023 HK\$	2022 HK\$
Contracted for	<u>227,070</u>	<u>--</u>

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17. Commitments under operating leases

The organisation had the following total future minimum lease payments payable under non-cancellable operating leases:

	2023 HK\$	2022 HK\$
Not later than one year	24,000	523,802
Later than one year	<u> --</u>	<u> --</u>
	<u> 24,000</u>	<u> 523,802</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:

	2023 HK\$	2022 HK\$
Short-term employee benefits	955,760	1,190,752
Post-employment benefits	<u> 95,576</u>	<u> 119,075</u>
	<u> 1,051,336</u>	<u> 1,309,827</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 27 October 2023.