

**CERTIFIED TRUE COPY**

Report of the Directors

Audited Financial Statements

**SOUTH KWAI CHUNG SOCIAL SERVICE**

(a company limited by guarantee and not having a share capital)

南葵涌社會服務處

31st March, 2019



**Robert Chui CPA Limited**

Certified Public Accountants  
Hong Kong

**SOUTH KWAI CHUNG SOCIAL SERVICE**  
南葵涌社會服務處

31st March, 2019

CONTENTS

	Page
Report of the directors	1 - 2
Independent auditor's report	3 - 5
Statement of income and expenditure and other comprehensive income	6
Statement of financial position	7
Statement of changes in funds	8
Statement of cash flows	9
Notes to financial statements	10 - 20

## **SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

### REPORT OF THE DIRECTORS

31st March, 2019

The directors submit their report together with the audited financial statements of South Kwai Chung Social Service (“Association”) for the year ended 31st March, 2019.

#### **Principal activities**

The principal activities of the Association are to provide various social services to the public, including:

- (i) holding courses for recreation, health improvement, adult education and computer training.
- (ii) establishing a project known as “Elderly Health Project” as sponsored by The Community Chest. The objective of this project is to promote the health and well being of elderly; encourage public awareness and participation to support the elderly people; enhance the knowledge, skills and abilities of caregivers to provide caring and support to elderly in the community.
- (iii) establishing a project known as “Healthy and Joyful Ageing Project in Shek Lei Estate” as sponsored by the Hong Kong Jockey Club Charities Trust for a term of 3 years from 1st January, 2018 to 31st December, 2020. The objective of this project is designed to help building the Shek Lei Estate District into an age-friendly community.
- (iv) establishing an e-Health corner for the elderly and to provide the administrative support, as sponsored by the Hong Kong Jockey Club Charities Trust for a term of 3 years from May 2016 to April 2019. The objective of this project is designed to help the health of the elderly.
- (v) executing agreements with HKSAR Government - “Community Investment & Inclusion Fund” in respect of a project known as “At Home With Love” (樓住有心人) (the “Project”) for a term of three years covering the period from 1st November, 2015 to 31st October, 2018. The objective of this project is to assist local elders, people with chronic illnesses and women in forging mutual support networks.

#### **Results**

The results of the Association for the year ended 31st March, 2019 and the financial position of the Association at that date are set out in the attached financial statements.

#### **Share capital**

The Association is a company limited by guarantee without a share capital.

#### **Directors**

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

Lee Wai Lan  
Ko Tip Ngan  
Lam Pui Lin  
Leung Yuen Wa

In accordance with Article 32 of the Association’s Articles of Association, the term of office of all directors shall be two years. In respect of the current year, all directors shall retire and, being eligible, offer themselves for re-election.

**SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

REPORT OF THE DIRECTORS (“Continued”)

31st March, 2019

**Director’s material interests in transactions, arrangements and contracts that are significant in relation to the Association’s operation**

There were no contracts of significance to which the Association was a party and in which a director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Association a party to any arrangements to enable the directors of the Association to acquire benefits from the Association or any other body corporate.

**Management contracts**

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

**Permitted indemnity provisions**

No permitted indemnity provision was in force during the year, or is in force at the date of this report, for the benefit of a then director or a director of the Association (whether made by the Association or otherwise).

**Business review**

The Association is eligible for the reporting exemption from preparing a business review for the financial year.

**Auditor**

The auditor, Messrs Robert Chui CPA Limited, who retire and offer themselves for re-appointment.

On behalf of the Board



Chairman  
Hong Kong

30 DEC 2019



志仁會計師行有限公司  
Robert Chui CPA Limited  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SOUTH KWAI CHUNG SOCIAL SERVICE

南葵涌社會服務處

*(incorporated in Hong Kong as a company limited by guarantee and not having a share capital)*

#### *Opinion*

We have audited the financial statements of South Kwai Chung Social Service (the "Association") set out on pages 6 to 20, which comprise the statement of financial position as at 31st March, 2019 and statement of income and expenditure and other comprehensive income, statement of changes in 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 Association as at 31st March, 2019 and of its financial performance, statement of changes in funds and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with Hong Kong Companies Ordinance.

#### *Basis for Opinion*

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Information Other Than The Financial Statements and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises all information included in the director's report, 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.



志仁會計師行有限公司  
Robert Chui CPA Limited  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ("Continued")**

**TO THE MEMBERS OF  
SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

*(incorporated in Hong Kong as a company limited by guarantee and not having a share capital)*

***Responsibilities of Directors and Those Charged with Governance for the Financial Statements***

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the Hong Kong Companies Ordinance, for no other purpose. We do not assume any responsibility 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.



志仁會計師行有限公司  
Robert Chui CPA Limited  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ("Continued")**

**TO THE MEMBERS OF  
SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

*(incorporated in Hong Kong as a company limited by guarantee and not having a share capital)*

*Auditor's Responsibilities for the Audit of the Financial Statements ("Continued")*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Robert Chui CPA Limited  
Certified Public Accountants  
Chui Chi Yun Robert  
Practising Certificate Number: P01833

Hong Kong

*AFS-SKCSS19a*

30 DEC 2019

- 5 -

香港九龍尖沙咀科學館道1號康宏廣場17樓1715室  
Unit 1715, 17/F., Concordia Plaza, No.1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong  
E-mail: robertco@netvigator.com

Tel : (852) 2802-0122  
Fax: (852) 2802-1862

**SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME**

Year ended 31st March, 2019

	Note	2019 HK\$	2018 HK\$
<b>REVENUE</b>			
Subvented programme activities income	7	66,064	55,874
"Community Investment & Inclusion Fund" ("CIIF")	8	390,755	718,723
Grant from the Hong Kong Jockey Club Charities Trust	9	2,178,450	1,784,512
Proceeds from flag day	10	323,864	261,350
The Community Chest allocation	11	814,234	1,235,572
Government rent and rates subsidies		153,800	160,300
Speech Therapy		273,670	-
Grant from The Link Speech Therapy Community Programme		-	189,063
Grant from The Jockey Club Community eHealth Care Project		654,064	604,457
Activities income		364,683	677,788
		<u>5,219,585</u>	<u>5,687,639</u>
<b>EXPENDITURE</b>			
Subvented programme activities expenses	7	58,213	42,347
CIIF project expenses	8	534,443	806,045
Hong Kong Jockey Club Charities Trust expenses	9	2,273,313	1,773,465
Expenditure on flag day	10	2,557	3,972
The Community Chest expenses	11	858,649	1,093,096
Rental expenses		153,800	160,300
Speech Therapy		133,254	-
Expenditure for The Link Speech Therapy Community Programme		-	242,874
Expenditure for The Jockey Club Community eHealth Care Project		686,256	562,796
Activities expenses		142,003	351,395
		<u>4,842,488</u>	<u>5,036,290</u>
<b>SURPLUS ON ACTIVITIES</b>		377,097	651,349
<b>ADMINISTRATIVE EXPENSES</b>			
Auditor's remuneration			
-current year		12,000	8,000
-under-provision in prior year		4,000	-
Advertising and promotion		-	14,648
Bank charges		871	934
Cleaning		-	3,525
Electricity and water		12,039	26,835
Insurance		30,633	2,842
Internet		4,589	3,492
MPF contributions		6,932	7,517
Minor decoration and equipment		-	8,680
Printing and stationery		3,124	1,974
Repairs and maintenance		2,500	2,900
Salary and wages		51,433	86,850
Sundries		6,391	82,538
Telephone and fax		694	804
Travelling		580	2,655
		<u>135,786</u>	<u>254,194</u>
<b>SURPLUS BEFORE TRANSFER</b>		241,311	397,155
Net proceeds of Flag day transfer to Community Health Project Fund		<u>(321,307)</u>	<u>(257,378)</u>
<b>(DEFICIT)/SURPLUS AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<u>(79,996)</u>	<u>139,777</u>

The annexed notes form an integral part of these financial statements.




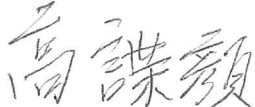
**SOUTH KWAI CHUNG SOCIAL SERVICE**  
南葵涌社會服務處

STATEMENT OF FINANCIAL POSITION

31st March, 2019

	Note	2019 HK\$	2018 HK\$
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	14	-	-
<b>CURRENT ASSETS</b>			
Grant receivables from CIIF		318,967	253,169
Grant receivables from Hong Kong Jockey Club Charities Trust		302,604	432,281
Grant receivables from Community Chest		-	446,150
Other receivables		94,159	69,420
Rental and utility deposits paid		25,500	25,500
Cash and bank balances		1,206,961	1,236,335
		<u>1,948,191</u>	<u>2,462,855</u>
<b>CURRENT LIABILITIES</b>			
Amount due to the chief executive	15	735,767	1,359,767
Other payables		326,497	326,497
Accrual		12,000	8,000
		<u>1,074,264</u>	<u>1,694,264</u>
<b>NET CURRENT ASSETS</b>		<u>873,927</u>	<u>768,591</u>
<b>NET ASSETS</b>		<u>873,927</u>	<u>768,591</u>
Represented by:			
Accumulated funds		415,565	495,561
Community Health Project Fund		458,362	273,030
<b>TOTAL FUNDS</b>		<u>873,927</u>	<u>768,591</u>

  
\_\_\_\_\_  
Leung Yuen Wa  
Director

  
\_\_\_\_\_  
Ko Tip Ngan  
Director

The annexed notes form an integral part of these financial statements.

**SOUTH KWAI CHUNG SOCIAL SERVICE**  
南葵涌社會服務處

STATEMENT OF CHANGES IN FUNDS

Year ended 31st March, 2019

	General Fund	Community Health Project Fund	Total
<b>At 1st April, 2017</b>	355,784	280,631	636,415
Surplus and total comprehensive income for the year	397,155	-	397,155
Net proceed of Flag day transfer to Community Health Project Fund	(257,378)	257,378	-
Utilisation of Community Health Project Fund	-	(264,979)	(264,979)
	<u>139,777</u>	<u>(7,601)</u>	<u>132,176</u>
<b>At 31st March, 2018 and at 1st April, 2018</b>	495,561	273,030	768,591
Surplus and total comprehensive income for the year	241,311	-	241,311
Net proceed of Flag day transfer to Community Health Project Fund	(321,307)	321,307	-
Utilisation of Community Health Project Fund	-	(135,975)	(135,975)
	<u>(79,996)</u>	<u>185,332</u>	<u>105,336</u>
<b>At 31st March, 2019</b>	<u>415,565</u>	<u>458,362</u>	<u>873,927</u>

**SOUTH KWAI CHUNG SOCIAL SERVICE**  
南葵涌社會服務處

STATEMENT OF CASH FLOWS

Year ended 31st March, 2019

	2019 HK\$	2018 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit)/surplus and other comprehensive income for the year	(79,996)	139,777
Adjustments for:		
Net proceed of Flag day transfer to Community Health Project	321,307	257,378
Utilisation of Community Health Project Fund	<u>(135,975)</u>	<u>(264,979)</u>
Operating surplus before working capital changes	105,336	132,176
Increase in grant receivables from CIIF	(65,798)	(127,348)
Decrease/(increase) in grant receivables from Hong Kong Jockey Club Charities Trust	129,677	(412,401)
Decrease/(increase) in grant receivables from Community Chest	446,150	(446,150)
Increase/(Decrease) in other receivables	(24,739)	73,601
Increase in other payables	-	326,497
Decrease in receipt in advance	-	(43,099)
(Decrease)/increase in amount due to the chief executive	(624,000)	639,710
Increase/(decrease) in accrual	<u>4,000</u>	<u>(1,557)</u>
Net cash (outflow)/ inflow from operating activities	<u>(29,374)</u>	<u>141,429</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH</b>	(29,374)	141,429
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,236,335</u>	<u>1,094,906</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>1,206,961</u></u>	<u><u>1,236,335</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u><u>1,206,961</u></u>	<u><u>1,236,335</u></u>

## SOUTH KWAI CHUNG SOCIAL SERVICE

南葵涌社會服務處

### NOTES TO FINANCIAL STATEMENTS

31st March, 2019

#### 1. GENERAL

The Association is a non-profit making body incorporated under the Hong Kong Companies Ordinance in the name of “South Kwai Chung Social Service” as a company limited by guarantee and not having a share capital. Under the provision of the Memorandum of Association of the Association, every member, shall in the event of the Association being wound up, contribute to the assets of the Association an amount of not exceeding HK\$100.

The Association has been registered as a charitable organisation and is exempted from taxes under section 88 of the Inland Revenue Ordinance. The registered office of the Association is No.4 G/F., On King House, Lai King Estate, Kwai Chung, New Territories, Hong Kong.

The principal activities of the Association are to provide various social services to the public, including:

- (a) holding courses for recreation, health improvement, adult education and computer training.
- (b) establishing a project known as “Elderly Health Project” as sponsored by The Community Chest. The objective of this project is to promote the health and well being of elderly; encourage public awareness and participation to support the elderly people; enhance the knowledge, skills and abilities of caregivers to provide caring and support to elderly in the community.
- (c) establishing a project known as “Healthy and Joyful Ageing Project in Shek Lei Estate” as sponsored by the Hong Kong Jockey Club Charities Trust for a term of 3 years from 1st January, 2018 to 31st December, 2020. The objective of this project is designed to help building the Shek Lei Estate District into an age-friendly community.
- (d) establishing an e-Health corner for the elderly and to provide the administrative support, as sponsored by the Hong Kong Jockey Club Charities Trust for a term of 3 years from May 2016 to April 2019. The objective of this project is designed to help the health of the elderly.
- (e) executing agreements with HKSAR Government - “Community Investment & Inclusion Fund” in respect of a project known as “At Home With Love” (樓住有心人) (the “Project”) for a term of three years covering the period from 1st November, 2015 to 31st October, 2018. The objective of this project is to assist local elders, people with chronic illnesses and women in forging mutual support networks.

## SOUTH KWAI CHUNG SOCIAL SERVICE

南葵涌社會服務處

### NOTES TO FINANCIAL STATEMENTS

31st March, 2019

#### 2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”), herein collectively referred to as the new and revised HKFRSs.

In preparing these financial statements in conformity with HKFRSs, the Centre has adopted the following relevant new and revised HKFRSs.

Annual Improvements Project HKFRS 1 and HKAS 28 HKFRS 2 Amendment	Annual Improvements 2012-2014 Cycle <sup>1</sup>  Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
HKFRS 4 Amendment	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKAS 40	Transfers of Investment Property (amendments)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration (new interpretation)

#### 3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Association has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 10 and HKAS 28 Amend	Sale or contribution of Assets between an Investor and its As: Joint Venture <sup>1</sup>
HKAS 7 Amendment	Disclosure Initiative <sup>1</sup>
HKAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transa
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 15 Amendment	Clarifications to HKFRS 15 <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>

<sup>1</sup> Effective for accounting years beginning on or after 1 January, 2019

<sup>2</sup> Effective for accounting years beginning on or after 1 January, 2021

**SOUTH KWAI CHUNG SOCIAL SERVICE**  
南葵涌社會服務處

NOTES TO FINANCIAL STATEMENTS

31st March, 2019

**3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS**

The directors of the Association anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Association.

Notes:

(i) HKFRS 16 “Leases”

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the statement of financial position. Instead, all long-term leases must be recognised in the statement of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the statement of financial position. In the statement of comprehensive income, rental expenses will be replaced with depreciation and interest expense.

The Association will adopt the standard for the financial year beginning on 1st April 2019. The Association intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. As allowed by HKFRS 16, the Association plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Association will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

As at 31st March, 2019, the Association does not have any non-cancellable operating lease commitments. The Association intends to adopt the standard for the financial year beginning on 1st April, 2019.

The expected impacts of the adoption of the other new standards, interpretation and amendments to standards are still being assessed by the management, and management is not yet in a position to state whether they would have a significant impact on the Association’s results of operations and financial position.

## SOUTH KWAI CHUNG SOCIAL SERVICE

南葵涌社會服務處

### NOTES TO FINANCIAL STATEMENTS

31st March, 2019

#### 3.1 CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers” on the financial statements.

(a) *HKFRS 9 “Financial Instruments”*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of HKFRS 9 resulted in changes in accounting policies. The new accounting policies are set out in note 3 below.

(i) Classification and measurement

On 1st April, 2018 (the date of initial application of HKFRS 9), the Association’s management has assessed which business models apply to the financial assets held by the Association and has classified its financial instruments into the appropriate HKFRS 9 categories.

The Association’s financial assets measured at amortised cost continue with their classification and measurements upon the adoption of HKFRS 9.

There is no impact on the Association accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Association did not have any such liabilities.

(ii) Impairment

From 1st April, 2018, the Association assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Cash and cash equivalents is subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(b) *HKFRS 15 “Revenue from Contracts with Customers”*

HKFRS 15 establishes a single revenue recognition framework and replaced HKAS 18, HKAS 11 and related interpretations. The adoption of HKFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3 below. The Association has adopted the modified retrospective approach with the cumulative effect on initial adoption recognised at the date of initial application, which is 1st April, 2018, and comparative information has not been restated.

The adoption of HKFRS 15 did not result in any significant impact to the financial statements as the timing of revenue recognition is not changed.

## SOUTH KWAI CHUNG SOCIAL SERVICE

南葵涌社會服務處

### NOTES TO FINANCIAL STATEMENTS

31st March, 2019

#### 4. PRINCIPAL ACCOUNTING POLICIES

##### Basis of preparation

These financial statements have been prepared in accordance with HKFRSs (which also include HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention

##### Financial assets

Financial assets are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment. A provision for impairment of financial assets is established when there is objective evidence that the Association will not be able to collect the amounts due according to the original terms of loan and receivable.

##### Financial liabilities

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

##### Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and returns. The Association recognises revenue when goods are transferred or services are rendered to customers.

A contract asset is the Association's right to consideration in exchange for the services that the Association has transferred to a customer. In addition, incremental costs incurred to obtain a new contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised. A contract liability is the Association's obligation to render the services to a customer for which the Association has received consideration from the customer. A contract liability is recognised by the Association when the customer pays consideration in advance before the Association satisfy the performance obligation to the customer.

- i) Donations are accounted for in the relevant year on a receipt basis or as designated by the donors;
- ii) Subventions are recognised upon receipt of payment advice approved by the relevant authorities and institutes;
- iii) Programme income are recognised on accrual basis; and
- iv) Sponsorship and other income are recognised on accrual basis.



## SOUTH KWAI CHUNG SOCIAL SERVICE

南葵涌社會服務處

### NOTES TO FINANCIAL STATEMENTS

31st March, 2019

#### 4. PRINCIPAL ACCOUNTING POLICIES (“Continued”)

##### Cash equivalents

Cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

##### Government grants

Government grants are recognised as income over the periods necessary to match up with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the profit or loss.

#### 5. FINANCIAL RISK MANAGEMENT

##### Financial risk factors

The Association’s activities mainly expose it to credit risk and liquidity risk. The Association’s overall risks management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association’s financial performance.

Risk management is carried out by the Board of Directors who provides guidance for overall risk management.

##### i. Liquidity risk

In respect of liquidity risk, the Association ensures that it maintains and obtains sufficient cash and funding to meet its liquidity requirement. As at the reporting date, all financial liabilities of the Association were due within one year.

##### ii. Credit risk

Credit risk relates to the extent to which failure by counterparties to discharge their obligations could reduce the amount of future cash flows to the Association from financial assets on hand as at the reporting date.

The Association is exposed to credit risk on its cash placed in a financial institution. The Association has a concentration of credit risk, as all of the bank balance is with one financial institution located in Hong Kong.

##### Fair value estimation

The carrying value of all financial assets and liabilities are reasonable approximation of their fair values.

**SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

## NOTES TO FINANCIAL STATEMENTS

31st March, 2019

**6. CAPITAL MANAGEMENT**

The Association has no share capital. The operation of the Association is mainly financed by funding from government subvention and general donations.

The Association manages accumulated funds by regularly monitoring its current and expected liquidity requirements. The Association's objective when managing accumulated fund is to safeguard its ability to continue as a going concern, so that it can continue its operation.

**7. SUBVENTED PROGRAMME ACTIVITIES**

	Income & government subsidy HK\$	Expenditures HK\$	Surplus/ (deficit) HK\$
<u>31/3/2019</u>			
i) Adult Education Subvention Scheme	66,064	58,213	7,851
	=====	=====	=====
<u>31/3/2018</u>			
i) Adult Education Subvention Scheme	55,874	42,347	13,527
	=====	=====	=====

**8. COMMUNITY INVESTMENT & INCLUSION FUND PROJECT ("CIIF")**

	Income & Government subsidy HK\$	Expenditures HK\$	Deficit HK\$
<u>31/3/2019</u>			
Programme activities	390,755	(534,433)	(143,678)
	=====	=====	=====
<u>31/3/2018</u>			
Programme activities	718,723	(806,045)	(87,322)
	=====	=====	=====

**SOUTH KWAI CHUNG SOCIAL SERVICE**  
南葵涌社會服務處

NOTES TO FINANCIAL STATEMENTS

31st March, 2019

**9. GRANT FROM HONG KONG JOCKEY CLUB CHARITIES TRUST**

Grant from Hong Kong Jockey Club Charities Trust ("JCC Trust") represents:-

	2019 HK\$	2018 HK\$
- Grant relating to assets (leasehold improvement)	1,320,473	1,068,441
- Grant relating to operating expenses of the Project	<u>857,977</u>	<u>716,071</u>
	<u>2,178,450</u>	<u>1,784,512</u>
	=====	=====

The grant related expenditure for the year was HK\$2,273,313 (2018: HK\$1,773,465).

**10. PROCEEDS AND EXPENDITURE FROM FLAG DAY**

	2019 HK\$ <u>FD/R036/2018</u>	2018 HK\$ <u>FD/R046/2017</u>
<u>Flag Day</u>		
Donation received	323,864	261,350
Total expenditure	<u>(2,557)</u>	<u>(3,972)</u>
Net surplus	<u>321,307</u>	<u>257,378</u>
	=====	=====

**SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

## NOTES TO FINANCIAL STATEMENTS

31st March, 2019

**10. PROCEEDS AND EXPENDITURE FROM FLAG DAY (“Continued”)**

The Association held a charitable flag day on 18th March, 2018 and the net proceed from the flag day 2018 was utilized as follows:-

	HK\$
i. Program expenses 活動開支	
Allocation	64,345
Less: program expenses during the year ended 31st March, 2018	<u>(76,120)</u>
Balance c/f	<u>(11,775)</u>
	=====
i. Center’s administrative expenses 中心營運開支	
Allocation	167,296
Less: center’s administrative expenses during the year ended 31st March, 2018	<u>(184,554)</u>
Balance c/f	<u>(17,258)</u>
	=====
ii. Minor decoration and equipment expenses 裝修及購置設備開支	
Allocation	25,737
Less: minor decoration and equipment expenses during the year ended 31st March, 2018	<u>(4,305)</u>
Balance c/f	<u>21,432</u>
	=====

The Association held a charitable flag day on 13th October, 2018 and the net proceed from the flag day 2019 was utilized as follows:-

	HK\$
i. Program expenses 活動開支	
Allocation	80,327
Less: program expenses during the year ended 31st March, 2019	<u>(21,903)</u>
Balance c/f	<u>58,424</u>
	=====
iii. Center’s administrative expenses 中心營運開支	
Allocation	208,850
Less: center’s administrative expenses during the year ended 31st March, 2019	<u>(111,544)</u>
Balance c/f	<u>97,306</u>
	=====
iv. Minor decoration and equipment expenses 裝修及購置設備開支	
Allocation	32,130
Less: minor decoration and equipment expenses during the year ended 31st March, 2019	<u>(2,528)</u>
Balance c/f	<u>29,602</u>
	=====

**SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

## NOTES TO FINANCIAL STATEMENTS

31st March, 2019

**11. THE COMMUNITY CHEST ALLOCATION**

In the current year, the Association commenced a project known as “Elderly Health Project” sponsored by The Community Chest. The total amount of the approved allocation is HK\$814,234 (2018: HK\$1,235,572)

	2019 HK\$	2018 HK\$
Funds received from The Community Chest		
- Operation	814,234	789,422
- Renovation/minor purchases	<u>-</u>	<u>446,150</u>
	<u>814,234</u>	<u>1,235,572</u>
- Rental	12	36,300
- Administration	73,913	138,695
- Salary	651,019	605,656
- Renovation/minor purchase	<u>133,705</u>	<u>312,445</u>
	<u>858,849</u>	<u>1,093,096</u>
(Deficit)/surplus of the project	(44,415)	142,476
	=====	=====

The objective of this project is to promote health and well-being of elderly; encourage public awareness and participation to support the elderly people; enhance the knowledge, skills and abilities of caregivers to provide caring and support to elderly in the community.

**12. INCOME TAX**

No provision for Hong Kong profits tax has been made in the financial statements as the Association is exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

**13. DIRECTORS' EMOLUMENTS**

Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance for the year are Nil.

**SOUTH KWAI CHUNG SOCIAL SERVICE**

南葵涌社會服務處

## NOTES TO FINANCIAL STATEMENTS

31st March, 2019

**14. PLANT AND EQUIPMENT**

	Decoration HK\$	Furniture, fixtures and office equipment HK\$	Total HK\$
Cost:			
At 1st April, 2018 and at 31st March, 2019	<u>1,931,380</u>	<u>108,204</u>	<u>2,039,584</u>
Accumulated depreciation:			
At 1st April, 2018 At 31st March, 2019	<u>1,931,380</u>	<u>108,204</u>	<u>2,029,584</u>
Net book value:			
At 31st March, 2019	-	-	-
	=====	=====	=====
At 31st March, 2018	-	-	-
	=====	=====	=====

**15. AMOUNT DUE TO THE CHIEF EXECUTIVE**

Mr Chow Yick Hay is the chief executive. The amount was un-secured, interest free and had no fixed terms of repayment.

**16. OPERATING LEASE COMMITMENTS**

At the reporting date, the Association had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2019 HK\$	2018 HK\$
Minimum lease payments fall due:		
Within 1 year	287,364	150,480
Within 2 to 5 years	<u>574,728</u>	-
	<u>862,092</u>	<u>150,480</u>

**17. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved and authorised for issue by the Board of Directors on 30 DEC 2019