

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

REPORT OF THE EXECUTIVE COMMITTEE
AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

REPORT OF THE EXECUTIVE COMMITTEE AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee of Aberdeen Kai-fong Welfare Association Limited (“the Association”) presents their annual report together with the audited financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the Association is to provide social welfare and education services in the Southern district of Hong Kong.

Results

The results of the Association for the year ended 31 March 2021 and the financial position of the Association at that date are set out on pages 10 to 26.

Charitable Donations

No charitable donation was made by the Association during the year (2020: Nil).

Members of Executive Committee

The members of Executive Committee (i.e. the Association’s directors) in office during the year and up to date of this report were:-

Ir Chan Ho Lam, Jackie
Ir Chan Lee Shing, William, J.P.
Ms. Cheung Sik Yung, M.H.
Mr. Chow Kei Chung
Mr. Chow Tsz Chun (Appointed on 1 April 2021)
Mr. Chow Tsz Hin
Mr. Fu Tsun Hung
Mr. Hui Yung Chung, B.B.S., J.P.
Mr. Lau Ngai, Victor (Appointed on 1 April 2021)
Ms. Lo Kwai Lan, Patricia
Mr. Lo Wing Bun
Dr. Mak Tse How Ling, Ada, M.H.
Mr. Ngai Yuen Mau (Resigned on 31 March 2021)
Mr. Pan Kai Lam (Appointed on 1 April 2021)
Mr. Sze Chun Lee
Mr. To Tsang Cheung, Antony
Mr. Wong Man Hin, Charles
Ms. Yeung Chui Chun, Harlanna
Mr. Yeung Kin Yip (Appointed on 1 April 2021)

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

REPORT OF THE EXECUTIVE COMMITTEE *(continued)*

Permitted indemnity provision

During the year and up to the date of this report, there were no permitted indemnity provisions in force for the benefit of one or more Executive Committee members of the Association.

Material interest of members of Executive Committee in transaction, arrangement or contract

No transaction, arrangement or contract of significance in relation to the Association's business to which the Association was a party and in which a member of the Association's Executive Committee had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

Interest of Members of Executive Committee in service and management contracts

No member of Executive Committee has any service contract with the Association at any time up to the date of this report.

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

Equity-linked arrangements

During the year and up to the date of this report, the Association entered into no equity-linked agreement.

Auditor

The financial statements have been audited by YCA Partners CPA Limited, Certified Public Accountants who will retire and, being eligible, offer themselves for re-appointment as auditor of the Association at the forthcoming annual general meeting.

On behalf of the Executive Committee



Mr. Chow Kei Chung
Chairman

Hong Kong, 21 OCT 2021

BUSINESS REVIEW

A) Fair review of business

The Association embodies corporate governance in its management and continues to promote mutual concern among neighbors, nurture the youths and serve the community, with the supports from its staff, suppliers and other stakeholders. Monthly meetings of the Association's Executive Committee are held to direct, monitor and control the operations and activities. Specialised Committees with professionals of relevant fields are set up for monitoring finance, human resources as well as service development of the Association. The Association has continued its efforts to ensure that administration expenditure is properly controlled and tallied with the service development.

B) Principal risks and uncertainties

The Association adopts prudent dependable policies in managing principal risks and uncertainties. As a non-profit-making institution, the Association manages its accumulated surpluses and reserves in order to provide the Association's principal activity and meet the Association's objectives with the view of safeguarding its ability to continue as a going concern. The Association is generally aware of the unpredictability of financial and non-financial markets and seeks to minimise potential adverse effects on the Association's financial performance and financial position.

Annual budgets of the Association and its service units are prepared every year after consultations with the relevant staff and related stakeholders. Ongoing monitoring and periodical reviews on interim financial reports are conducted, while short-term projections on the Association's finance are also done periodically.

The Association's exposures to credit risk, liquidity risk, foreign currency risk and interest risk are limited as follows: -

- Credit risk - The Association considers that the credit risks on bank and cash balance or investments are limited because the counterparties are banks, institutions or corporations generally with high credit ratings by international credit rating agencies. The recoverable amounts of receivables are reviewed regularly to ensure that adequate impairment losses are recognised for any irrecoverable debts.
- Foreign currency risk - The Association has minimal exposure to foreign currency risk as its transactions, assets and liabilities are principally denominated in Hong Kong dollars. The Association monitors its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.
- Liquidity risk - The Association regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient balance of cash to meet its liquidity requirements.
- Interest rate risk - As the Association has no significant interest-related income and expenditure, its operating cash flows are substantially independent of changes in market interest rates.

BUSINESS REVIEW (continued)

C) Important events during the financial year

Most events have been cancelled due to COVID-19 start from February 2020. However, the Association continues to provide and maintain services to the public through other platforms. Yet, the Association had to cancel face-to-face fundraising events which affect public donation. Despite of this, the Association estimates that the financial situation in the coming year will not have a significant impact due to COVID-19, as the Association's major source of income came from government subventions and grants.

D) Analysis using financial key performance indicators

The Association's surplus for the year as a percentage of its net assets was 11 percent (2020: 17 percent).

The Association adopts the Balanced Scorecard, a measurement tool, to monitor the service performance and quality of its service units as well as evidence-based approach to measure the service effectiveness. The Association ensures the provided services to comply with the statutory requirements as well as the set standards, like Service Quality Standards, Best Practice Manual of the Social Welfare Department.

The Association seeks to provide high-quality services. Different new projects as funded by funders or foundations over the years have proved that the services provided are highly recognised by the public and different sectors. The Association has also gained different awards presented by government departments or institutions, such as Employees Retraining Board, Hong Kong Metropolitan University, and the Hong Kong Council of Social Service, demonstrating the services provided were of high quality.

E) Indication of future development

The Association will strengthen the work on research and development in examining the 10-year development blueprint and develop new services in order to plan for the directions of the future long-term development. Moreover, the Association will strive hard to expand the network and accumulate social capital so as to facilitate the service development in future.

In line with the 10-year development blueprint, the Association has allocated HK\$29 million from the accumulated fund to establish the following 6 funds in 2020.

1. Community Care Fund

The fund is used for research and development of social services according to the regular planning of the Association and the community needs, such as the manpower, premises rental, administration, equipment and other expenses etc., for the Continuum of Care Home. The setup fund from the accumulated fund is HK\$6 million.

BUSINESS REVIEW (continued)

E) Indication of likely future development (continued)

2. Continuous Education Fund

The fund is used for research and development of educational services, including manpower, premises rental, administration, equipment and other expenses etc. The setup fund from the accumulated fund is HK\$7 million.

3. Health Promotion Fund

The fund is used for research and development of health services, including manpower, premises rental, administration, equipment and other expenses etc. The setup fund from the accumulated fund is HK\$9 million.

4. Innovation and Technology Fund

The fund is used for the expenses of enhancing various kinds of systems, hardware, software etc., of the Association; and to introduce different innovative technologies and/or to develop new systems to improve and optimize the services of the Association. The setup fund from the accumulated fund is HK\$3 million.

5. Research and Development Fund

The fund is used for the Association's long-term development plan in exploring and examining the feasibility of developing new services as well as the expenses for conducting academic research. The setup fund from the accumulated fund is HK\$3 million.

6. Human Resources Development fund

The fund is used for staff's local and overseas training, as well as the expenses for various staff development activities, such as field trips / exchange activities, staff retreats etc. The setup fund from the accumulated fund is HK\$1 million.

The above 6 funds are mainly used for the purpose of achieving the goal of the Association through the provision of a spectrum of social services.

F) Environmental policies and performance

The Association places great emphasis on environmental responsibility and has implemented measures to ensure energy saving, which will be enhanced through the forthcoming renovation works of the Association's service units.

G) Compliance with the relevant laws and regulations that have a significant impact on the Association

The Association continues to operate its business in compliance with relevant laws and regulations.

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

BUSINESS REVIEW *(continued)*

H) Key relationships with employees, service users and suppliers and others that having a significant impact on the Association

The Association has set longer term goals and directions for progress and seeks to provide quality facilities and services for its service units to impress the public.



Mr. Chow Kei Chung
Chairman



YCA Partners CPA Limited
越峻會計師事務所有限公司

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

(incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Aberdeen Kai-fong Welfare Association Limited (“the Association”) set out on pages 10 to 26, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in funds employed and reserves, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with 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 compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

Other Information

The Executive Committee of the Association is responsible for the other information. The other information comprises the information included in the Executive Committee’s report and business review 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.

(Continued)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司**

(incorporated in Hong Kong with limited liability by guarantee)

Responsibilities of Executive Committee and Those Charged with Governance for the Financial Statements

The Executive Committee of the Association is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Executive Committee 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 Executive Committee of the Association is 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 Executive Committee either intend to liquidate the Association or to cease operations, or have 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

This report is made solely to you, as a body, in accordance with Section 405 to the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

(Continued)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司**

(incorporated in Hong Kong with limited liability by guarantee)

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 Executive Committee.
- Conclude on the appropriateness of the Executive Committee's 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 Executive Committee'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.



YCA PARTNERS CPA LIMITED
Certified Public Accountants

Chu Ying Tak
Practising Certificate Number: P07712

Hong Kong, 21 OCT 2021

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
Income			
Subvention from Social Welfare Department (SWD)		114,891,043.91	110,621,922.50
Membership fee and subscription		118,376.00	217,440.00
Sponsorship, contribution and donation		33,073,690.88	34,870,218.82
Activities and services income		8,136,099.10	14,514,281.48
Other income	4	<u>4,908,671.71</u>	<u>5,495,312.59</u>
		<u>161,127,881.60</u>	<u>165,719,175.39</u>
Expenditure			
General administration		124,608,602.93	117,594,202.51
Other operating expenses		<u>20,679,674.02</u>	<u>26,877,465.61</u>
		<u>(145,288,276.95)</u>	<u>(144,471,668.12)</u>
Surplus for the year	5	<u>15,839,604.65</u>	<u>21,247,507.27</u>
Other comprehensive income			
Change in fair value of investments in securities		3,705,689.31	(4,598,855.41)
Change in other reserve		<u>(825,063.81)</u>	<u>(439,574.36)</u>
Other comprehensive income/(loss) for the year		<u>2,880,625.50</u>	<u>(5,038,429.77)</u>
Total comprehensive income for the year		<u>18,720,230.15</u>	<u>16,209,077.50</u>

The accompanying notes on pages 16 to 26 form part of these financial statements.

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	Note	2021 HK\$	2020 HK\$
Non-current assets			
Property, plant and equipment	8	11,999,867.75	4,817,157.67
Investments in securities	9	<u>19,920,921.22</u>	<u>16,215,231.91</u>
		<u>31,920,788.97</u>	<u>21,032,389.58</u>
Current assets			
Deposits and prepayment		4,397,175.72	150,400.00
Trade and other receivables		10,767,621.62	14,311,242.65
Time deposit with banks	10	55,560,656.26	35,132,430.64
Cash and bank balance		<u>53,722,752.65</u>	<u>62,744,377.84</u>
		<u>124,448,206.25</u>	<u>112,338,451.13</u>
Current liabilities			
Other payables		3,269,807.84	2,652,550.27
Temporary receipts		4,809,975.30	3,726,397.22
Deposits received		413,444.50	139,000.00
Accrued charges		226,129.51	5,193,310.26
Deferred income	11	<u>7,269,824.96</u>	<u>-</u>
		<u>(15,989,182.11)</u>	<u>(11,711,257.75)</u>
Net current assets		<u>108,459,024.14</u>	<u>100,627,193.38</u>
Net assets		<u>140,379,813.11</u>	<u>121,659,582.96</u>

The accompanying notes on pages 16 to 26 form part of these financial statements.

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

STATEMENT OF FINANCIAL POSITION (continued)

AT 31 MARCH 2021

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
Fund and reserves			
General Fund		7,959,008.84	7,524,829.94
Reserve Fund		19,454,249.10	17,664,315.30
Service Development Fund		1,577,411.73	1,577,411.73
Accumulated Fund	12	28,163,949.84	18,027,125.89
Staff Welfare Fund		48,141.38	33,259.18
Volunteer Development Fund		172,116.05	147,114.35
Designated Donation Account		1,055,446.04	1,055,441.64
Lump Sum Grant Reserve		32,310,272.69	29,650,906.75
Provident Fund Reserve		11,063,439.89	10,976,373.08
Central Items Reserve		-	389,890.90
Subvention Surplus Account		(524,977.26)	(782,151.30)
Investment Revaluation Reserve		10,100,754.81	6,395,065.50
Community Care Fund		6,000,000.00	6,000,000.00
Continuous Education Fund		7,000,000.00	7,000,000.00
Health Promotion Fund		9,000,000.00	9,000,000.00
Innovation and Technology Fund		3,000,000.00	3,000,000.00
Research and Development Fund		3,000,000.00	3,000,000.00
Human Resources Development		<u>1,000,000.00</u>	<u>1,000,000.00</u>
		<u>140,379,813.11</u>	<u>121,659,582.96</u>

These financial statements were approved and authorised for issue by the board of Executive Committee on **21 OCT 2021** and signed on its behalf by



 Mr. Chow Kei Chung
 Chairman



 Ms. Yeung Chui Chun, Harlanna
 Treasurer

The accompanying notes on pages 16 to 26 form part of these financial statements.

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

STATEMENT OF CHANGES IN FUNDS EMPLOYED AND RESERVES

FOR THE YEAR ENDED 31 MARCH 2021

	General HK\$	Reserve HK\$	Service development HK\$	Accumulated HK\$	Staff welfare HK\$	Volunteer development HK\$	Designated donation HK\$	Lump Sum Grant HK\$	Provident fund HK\$	HK\$
As at 31 March 2019	7,016,693.35	17,062,892.54	1,577,411.73	41,811,852.83	145,376.08	130,083.85	1,054,982.42	16,551,420.77	9,596,059.88	94,946,773.45
Surplus for the year	-	-	-	21,247,507.27	-	-	-	-	-	21,247,507.27
Change in fair value	-	-	-	-	-	-	-	-	-	-
Fund transfer	508,136.59	601,422.76	-	(44,566,782.20)	(112,116.90)	17,030.50	459.22	12,698,966.33	1,705,205.20	(29,147,678.50)
<i>Other reserve movement</i>	7,524,829.94	17,664,315.30	1,577,411.73	18,492,577.90	33,259.18	147,114.35	1,055,441.64	29,250,387.10	11,301,265.08	87,046,602.22
Reclassification	-	-	-	-	-	-	-	-	-	-
Adjustment for the opening balance	-	-	-	(465,452.01)	-	-	-	400,519.65	(475,634.00)	(540,566.36)
Adjustment for the Provident fund Subvention	-	-	-	-	-	-	-	-	150,742.00	150,742.00
Recovery of subvention surplus	-	-	-	-	-	-	-	-	-	-
Backpay from government	-	-	-	-	-	-	-	-	-	-
Deficit being reimbursed from SWD	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	7,524,829.94	17,664,315.30	1,577,411.73	(465,452.01)	33,259.18	147,114.35	1,055,441.64	29,650,906.75	(324,892.00)	(389,824.36)
Surplus for the year	-	-	-	18,027,125.89	-	-	-	-	10,976,373.08	86,656,777.86
Change in fair value	-	-	-	15,839,604.65	-	-	-	-	-	15,839,604.65
Fund transfer	434,178.90	1,789,933.80	-	(5,429,880.50)	14,882.20	25,001.70	4.40	2,664,761.19	666,476.56	165,358.25
<i>Other reserve movement</i>	7,959,008.84	19,454,249.10	1,577,411.73	28,436,850.04	48,141.38	172,116.05	1,055,446.04	32,315,667.94	11,642,849.64	102,661,740.76
Reclassification	-	-	-	-	-	-	-	-	(584,805.00)	(584,805.00)
Adjustment for the opening balance	-	-	-	-	-	-	-	(5,395.25)	5,395.25	-
Adjustment for the Provident fund Subvention	-	-	-	-	-	-	-	-	-	-
Recovery of subvention surplus	-	-	-	-	-	-	-	-	-	-
Backpay from government	-	-	-	-	-	-	-	-	-	-
Deficit being reimbursed from SWD	-	-	-	-	-	-	-	-	-	-
Refund to SWD	-	-	-	(272,900.20)	-	-	-	-	-	(272,900.20)
Bad debt written off	-	-	-	(272,900.20)	-	-	-	(5,395.25)	(579,409.75)	(857,705.20)
As at 31 March 2021	7,959,008.84	19,454,249.10	1,577,411.73	28,163,949.84	48,141.38	172,116.05	1,055,446.04	32,310,272.69	11,063,439.89	101,804,035.56

The accompanying notes on pages 16 to 26 form part of these financial statements.

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

STATEMENT OF CHANGES IN FUNDS EMPLOYED AND RESERVES (continued)

FOR THE YEAR ENDED 31 MARCH 2021

	HK\$	Central items HK\$	Subvention surplus HK\$	Investment revaluation HK\$	Community HK\$	Continuous education HK\$	Health promotion HK\$	Innovation & technology HK\$	Research & development HK\$	Human & development HK\$	HK\$
As at 31 March 2019	94,946,773.45	270,000.00	(760,188.90)	10,993,920.91	-	-	-	-	-	-	105,450,505.46
Surplus for the year	21,247,507.27	-	-	-	-	-	-	-	-	-	21,247,507.27
Change in fair value	(29,147,678.50)	119,890.90	27,787.60	(4,598,855.41)	-	-	-	-	-	-	(4,598,855.41)
Fund transfer	87,046,602.22	389,890.90	(732,401.30)	6,395,065.50	6,000,000.00	7,000,000.00	9,000,000.00	3,000,000.00	3,000,000.00	1,000,000.00	122,099,157.32
<i>Other reserve movement</i>											
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Adjustment for the opening balance	(540,566.36)	-	-	-	-	-	-	-	-	-	(540,566.36)
Adjustment for the Provident Fund Subvention	150,742.00	-	-	-	-	-	-	-	-	-	150,742.00
Recovery of subvention surplus	-	-	(23,423.00)	-	-	-	-	-	-	-	(23,423.00)
Backpay from government	-	-	258,716.00	-	-	-	-	-	-	-	258,716.00
Deficit being reimbursed from SWD	-	-	(285,043.00)	-	-	-	-	-	-	-	(285,043.00)
	(389,824.36)	-	(49,750.00)	-	-	-	-	-	-	-	(439,574.36)
As at 31 March 2020	86,656,777.86	389,890.90	(782,151.30)	6,395,065.50	6,000,000.00	7,000,000.00	9,000,000.00	3,000,000.00	3,000,000.00	1,000,000.00	121,659,582.96
Surplus for the year	15,839,604.65	-	-	-	-	-	-	-	-	-	15,839,604.65
Change in fair value	165,358.25	(270,000.00)	104,641.75	3,705,689.31	-	-	-	-	-	-	3,705,689.31
Fund transfer	102,661,740.76	119,890.90	(677,509.55)	10,100,754.81	6,000,000.00	7,000,000.00	9,000,000.00	3,000,000.00	3,000,000.00	1,000,000.00	141,204,876.92
<i>Other reserve movement</i>											
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Adjustment for the opening balance	(584,805.00)	-	-	-	-	-	-	-	-	-	(584,805.00)
Adjustment for the Provident Fund Subvention	-	-	-	-	-	-	-	-	-	-	-
Recovery of subvention surplus	-	-	(23,098.00)	-	-	-	-	-	-	-	(23,098.00)
Backpay from government	-	-	289,290.00	-	-	-	-	-	-	-	289,290.00
Deficit being reimbursed from SWD	-	-	(386,559.91)	-	-	-	-	-	-	-	(386,559.91)
Refund to SWD	(272,900.20)	(119,890.90)	272,900.20	-	-	-	-	-	-	-	(119,890.90)
Bad debt written off	(857,705.20)	(119,890.90)	152,532.29	-	-	-	-	-	-	-	(825,063.81)
As at 31 March 2021	101,804,035.56	-	(524,977.26)	10,100,754.81	6,000,000.00	7,000,000.00	9,000,000.00	3,000,000.00	3,000,000.00	1,000,000.00	140,379,813.11

The accompanying notes on pages 16 to 26 form part of these financial statements.

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ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2021

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Cash flows from operating activities		
Surplus for the year	15,839,604.65	21,247,507.27
Adjustment for:		
Bad debt written off	272,900.20	-
Depreciation	420,782.66	87,114.88
Interest income	(515,089.31)	(838,629.99)
Dividend income	(729,193.55)	(676,229.80)
Other reserve movement	<u>(825,063.81)</u>	<u>(439,574.36)</u>
Operating cash flows before changes in working capital	14,463,940.84	19,380,188.00
Increase in deposit and prepayment	(4,246,775.72)	-
Decrease/(increase) in trade and other receivables	3,270,720.83	(2,267,803.67)
Increase/(decrease) in other payables	617,257.57	(686,780.32)
Increase in temporary receipts	1,083,578.08	2,395,883.01
Increase in deposits received	274,444.50	4,000.00
(Decrease)/increase in accrued charges	(4,967,180.75)	5,011,273.50
Increase in deferred income	<u>7,269,824.96</u>	<u>-</u>
Net cash generated from operating activities	<u>17,765,810.31</u>	<u>23,836,760.52</u>
Cash flows from investing activities		
Purchase of plant and equipment	(7,603,492.74)	-
Interest received	515,089.31	838,629.99
Dividend received	729,193.55	676,229.80
(Increase)/decrease in time deposit	(20,428,225.62)	3,509,204.07
Increase in investments in securities	<u>-</u>	<u>(2,362,300.00)</u>
Net cash (used in)/generated from investing activities	<u>(26,787,435.50)</u>	<u>2,661,763.86</u>
Net (decrease)/increase in cash and cash equivalents	(9,021,625.19)	26,498,524.38
Cash and cash equivalents at beginning of the year	<u>62,744,377.84</u>	<u>36,245,853.46</u>
Cash and cash equivalents at end of year	<u>53,722,752.65</u>	<u>62,744,377.84</u>
Analysis of the cash and cash equivalents is as follows		
Bank balances and cash	<u>53,722,752.65</u>	<u>62,744,377.84</u>

The notes on pages 16 to 26 form part of these consolidated financial statements.

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
香港仔街坊福利會有限公司

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. General information

Aberdeen Kai-fong Welfare Association Limited (“the Association”) is a private company incorporated under the Companies Ordinance in Hong Kong limited by guarantee without share capital. Under the provision of articles of association, every member shall in event of the Association being wound up, contribute to the assets of the Association to an amount not exceeding the ten Hong Kong dollars. The address of its registered office is located at 180B Aberdeen Main Road, Aberdeen, Hong Kong. The Association’s long-term financial objective is to maintain financial sustainability to support the operations of the Association’s service. Operations are directed and controlled by the Executive Committee which is its governance body.

The principal activity of the Association is to provide social welfare and education services in the Southern district of Hong Kong.

The Association has an operation know as Aberdeen Kai-fong Welfare Association Social Service (“AKA Social Service”) which has an independent governance body with the power to negotiate, conclude and enter into various funding agreements with the Social Welfare Department of the Government of the Hong Kong Special Administrative Region and other institutions. Those funding agreements set out the detailed requirements on the nature, objective and scope of operating services provided by AKA Social Service. Accordingly, AKA Social Service has kept separate accounts which have been included in the Association’s financial statement for the statutory purpose of compliance with the Hong Kong Companies Ordinance. Any transactions, balances, income and expenses between the Association and AKA Social Service are eliminated on the preparation of financial statements.

2. Adoption of Hong Kong Financial Reporting Standards (“HKFRSs”)

These financial statements have been prepared 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 and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, unless otherwise stated.

The Association has not identified any new or revised HKFRS for Private Entities at the date of issue of these financial statements.

3. Significant accounting policies

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Association's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Association's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions during the year are translated into functional currency using the exchange rates prevailing at the transaction dates. At the end of each reporting period, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Exchange gains and losses are recognised in the statement of comprehensive income.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the costs of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Land and building	: 2 percent
Furniture and equipment	: 20 percent
Motor vehicle	: 10 percent

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in the statement of comprehensive income in the year in which the item is derecognised.

3. Significant accounting policies (*continued*)

(c) Investments

Investments as financial assets are recognised initially at the transaction price unless the arrangement constitutes, in effect, a financial transaction.

Available-for-sales investments or investments in securities are non-derivatives which are included in non-current assets unless the governance body and management intend to dispose of the investment within 12 months from the end of reporting period. At the date of each financial year subsequent to initial recognition, investments are measured at fair value. Changes in fair value are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in the statement of comprehensive income. Any impairment on investments are recognised in the statement of comprehensive income, and will not reverse through the statement of comprehensive income in subsequent periods.

For investments which do not have quoted market prices in active markets and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment at the date of each financial year end subsequent to initial recognition. Impairment is recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

Gains or losses arising from the disposals of investments are determined as the differences between the net disposal proceeds and the carrying amounts before any revaluation, and are included in the statement of comprehensive income.

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less any impairment losses, except where the receivables are interest-free balances with related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impaired losses.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Significant accounting policies (*continued*)

(f) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(g) Impairment of assets

At the end of each reporting period, the Association reviews the carrying amounts of its property, plant and equipment 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 the statement of comprehensive income.

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 the statement of comprehensive income.

(h) Provisions and contingent liabilities

Provisions are recognised when the Association has a legal or constructive obligation arising as a result of a past event, and it is probable that the Association will be required to settle that obligation. Provisions are measured at the Executive Committee's best estimate of the expenditure required to settle the obligation at the end of reporting period, and are discounted to present value where the effect is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. Significant accounting policies (continued)

(i) Leasing

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

Where the Association has the use of assets under operating leases, payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rental are charged to the statement of comprehensive income in the financial year in which they are incurred.

(j) Employee benefits

Apart from statutory obligations under the Employment Ordinance, there are no benefits provided.

(i) Short term employee benefits

Salaries, 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.

(ii) Pension obligations

The Association pays contributions to a defined contribution retirement scheme under the Mandatory Provident Fund scheme, or the Occupational Retirement scheme through AKA Social Service, in Hong Kong. The assets of the schemes are held in separate trustee-administrated funds. The Association has no further payment obligations once the contributions have been paid. The contributions are recognised as an assets to the extent that a cash refund or a reduction in the future payments is available.

(iii) Employees' leave entitlements

Employees' leave entitlements are recognised when they accrue to employees.

3. Significant accounting policies (continued)

(k) Revenue recognition

Revenue is the gross inflow of economic benefits during the reporting period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue shall be measured at the fair value of the consideration received or receivable.

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliable on the following bases:-

- (i) Revenue from subvention, sponsorship, contribution and donation is recognised when the entitlements are established over the periods necessary to match them with the related costs (if any) on a systematic bases;
- (ii) Rental income from properties letting under operating leases is recognised on a straight line basis over the lease terms;
- (iii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the applicable effective interest rate;
- (iv) Dividend income is recognised when the right to receive payments is established;
- (v) Revenue (including fee income) from activities which involve sales of goods or provision of services is recognised when the goods or services are delivered and the title has passed.
- (vi) Members' subscriptions are recognised over the year of membership.

(l) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Association will comply with the conditions attaching to them. Grants that compensate the Association for expenses incurred are recognised as income in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Association for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in the statement of comprehensive income over the useful life of the asset by way of reduced depreciation expense.

3. Significant accounting policies (continued)

(m) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (I) A person or a close member of that person's family is related to the Association if that person:
 - (i) has control or joint control of the Association;
 - (ii) has significant influence over the Association; or
 - (iii) is a member of the key management personnel of the Association or of a parent of the Association.

- (II) An entity is related to the Association if any of the following conditions applies:
 - (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third entity.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.
 - (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 Association or to the parent of the Association.

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香港仔街坊福利會有限公司

4. Other income

	<u>2021</u> HK\$	<u>2020</u> HK\$
Bank interest income	515,089.31	838,629.99
Dividend income	729,193.55	676,229.80
Rental income	434,208.00	573,522.00
Sundry income	<u>3,230,180.85</u>	<u>3,406,930.80</u>
	<u>4,908,671.71</u>	<u>5,495,312.59</u>

5. Surplus for the year

Surplus for the year is arrived at after charging: -

	<u>2021</u> HK\$	<u>2020</u> HK\$
Rental under operating leases	3,509,995.29	3,548,776.10
Auditor's remuneration	109,950.00	109,600.00
Staff costs		
- Salaries and allowances	102,659,812.55	96,315,670.02
- Contributions to mandatory provident fund scheme	6,350,437.52	4,452,216.70
- Defined benefit contribution	1,887,211.00	2,178,300.00
Depreciation	<u>420,782.66</u>	<u>87,114.88</u>

6. Executive Committee's remuneration

The Executive Committee of the Association did not receive any fees or other emoluments pursuant to Section 383(1) of the Companies Ordinance in respect of their services rendered to the Association during the year (2020: Nil).

7. Income tax expense

No provision for Hong Kong profits tax has been made in these financial statements as the Association has been exempted from payment of tax under Section 88 of the Inland Revenue Ordinance (2020: Nil).

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8. Property, plant and equipment

	<u>Land and buildings</u> HK\$	<u>Furniture and equipment</u> HK\$	<u>Library books</u> HK\$	<u>Total</u> HK\$
Cost				
At 1 April 2020	5,775,929.86	9,241.00	1.00	5,785,171.86
Additions	<u>-</u>	<u>7,603,492.74</u>	<u>-</u>	<u>7,603,492.74</u>
At 31 March 2021	<u>5,775,929.86</u>	<u>7,612,733.74</u>	<u>1.00</u>	<u>13,388,664.60</u>
Accumulated depreciation:				
At 1 April 2020	958,774.19	9,240.00	-	968,014.19
Charge for the year	<u>87,114.88</u>	<u>333,667.78</u>	<u>-</u>	<u>420,782.66</u>
At 31 March 2021	<u>1,045,889.07</u>	<u>342,907.78</u>	<u>-</u>	<u>1,388,796.85</u>
Net book value:				
At 31 March 2021	<u>4,730,040.79</u>	<u>7,269,825.96</u>	<u>1.00</u>	<u>11,999,867.75</u>
At 31 March 2020	<u>4,817,155.67</u>	<u>1.00</u>	<u>1.00</u>	<u>4,817,157.67</u>

Note: -

Land and buildings are situated at: -

- (1) 7 Tung Sing Road, 3rd Floor, Hong Kong (held on long lease);
- (2) Shop 3, G/F, Shun Fung Court, 15 Ka Wo Street (held on long lease); and
- (3) 180B Aberdeen Main Road, Aberdeen, Hong Kong (held on long lease and designated as AKA Social Service's property).

9. Investments in securities

	<u>2021</u> HK\$	<u>2020</u> HK\$
Listed equity securities in Hong Kong, At fair value, quoted from stock market	<u>19,920,921.22</u>	<u>16,215,231.91</u>

The movement of the listed equity securities is as follows: -

At 31 March	9,820,166.41	7,457,866.41
Additions	-	2,362,300.00
Investment revaluation reserve	<u>10,100,754.81</u>	<u>6,395,065.50</u>
At fair value	<u>19,920,921.22</u>	<u>16,215,231.91</u>

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10. Time deposits with banks

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Time deposits of less than one year to maturity from date of deposit	<u>55,560,656.26</u>	<u>35,132,430.64</u>

11. Deferred income

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Grants received from SWD (Note)	7,603,492.74	-
Less: Recognised as income during the year	<u>(333,667.78)</u>	<u>-</u>
Grants to be recognised as other income	<u>7,269,824.96</u>	<u>-</u>

Note: The amount represents the grants received from SWD that compensate the Association for the cost of an asset.

12. Accumulated Fund

Reconciliation of accumulated fund from AKA Social Service:-

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Accumulated fund from AKA Social Service	30,212,569.84	18,027,125.89
Reconciliation of property, plant and equipment	<u>(2,048,620.00)</u>	<u>-</u>
	<u>28,163,949.84</u>	<u>18,027,125.89</u>

13. Flag Day charity collection

The Social Welfare Department had allowed the Association to organise a Flag Day Charity Collection in 2019/20 to raise funds. Detail of flag day charity collection and the usage of the funds are as follows:-

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Total income for Flag Day Charity Collection	<u>-</u>	<u>756,918.50</u>

ABERDEEN KAI-FONG WELFARE ASSOCIATION LIMITED
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13. Flag Day charity collection (continued)

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Expenditure for Flag Day Charity Collection:-		
- As reported in Flag Day Fund raising review report	-	<u>69,897.18</u>
To raise funds for-		
(1) Subsidising the daily operation and development of the subsidiary units of the Association; and	-	343,873.83
(2) Subsidising the special services/projects currently provided which include:		
- Supportive service provided for the deprived and people with chronic illness; and	-	274,800.00
- Book and stationery assistance for students in need.	-	<u>68,347.49</u>
Amount used on the purpose of the funds raised from Flag Day Charity Collection	-	<u>687,021.32</u>
Total expenditure	-	<u><u>756,918.50</u></u>

14. Related party transactions

During the year, the Association received donation income of HK\$316,200.00 (2020: HK\$177,300.00) from the Executive Committee.

15. Operating leases commitments

At 31 March 2021, the Association has future aggregate minimum lease payments under non-cancellable operating lease in respect of land and buildings as follows:-

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Within one year	2,664,861.55	2,215,104.00
Later than one year but within five years	<u>469,938.71</u>	<u>1,829,304.00</u>
	<u><u>3,134,800.26</u></u>	<u><u>4,044,408.00</u></u>

16. Contingencies

The Association pledge the fixed deposit with a bank in respect of guarantees of HK\$403,028.30 (2020: HK\$395,844.50) provided by the bank to the Government of the HKSAR and the Hospital Authority to facilitate service arrangements.