

THE SOCIETY OF REHABILITATION AND
CRIME PREVENTION, HONG KONG
香港善導會

EXECUTIVE COMMITTEE'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

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范陳會計師行有限公司
FAN, CHAN & CO. LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

EXECUTIVE COMMITTEE'S REPORT

The Executive Committee present herewith their report and the audited consolidated financial statements for the year ended 31 March, 2021.

Principal activities

The principal activities of The Society of Rehabilitation and Crime Prevention, Hong Kong ("the Society") during the year were provision of comprehensive rehabilitation services for prison inmates, discharged ex-offenders, support services for their families, multifarious crime prevention services to these service targets, high risk groups in conflicts with the law, vulnerable youths, students and general public, as well as halfway houses services for ex-mentally ill persons, and community services for rehabilitation and enhancement of mental wellness of ex-mentally ill persons and general public in the communities.

The Society has a subsidiary social enterprise, namely Bright Services Company Limited which operated 5 major businesses over the year. These include home and office removal, office and building cleaning, exhibition management and manpower supply, food processing and a bakery coffee shop.

Financial statements

The results of the Group for the year ended 31 March, 2021 and the state of affairs of the Group and the Society at that date are set out in the consolidated financial statements on pages 9 to 35.

Legal status

The Society is incorporated in Hong Kong with liability limited by guarantee.

Members of the Executive Committee

The members of the Executive Committee during the year and up to the date of this report were:

The Hon Mr. Justice Patrick LI	(Chairperson)
The Hon Mr. Justice POON Siu-tung	(Deputy Chairperson)
Dr. Kaiwan KWAN Ming-tak	(Vice Chairperson)
Ms. Sylvia W. Y. SIU, JP	(Vice Chairperson)
Mr. Joseph W. Y. TSE, SC	(Vice Chairperson)
Ms. Helen KUN Yun-fong	(Vice Chairperson)
Mr. Bernard KWOK Wah-ming	(Hon. Secretary)
Mr. James IP Chung-yuen	(Hon. Treasurer)
Mr. CHAN Wai-to, MH	
Mr. Samuel WONG Chat-chor, Barrister-at-Law	
Dr. Judy HUI Shuk-han	
Prof. Eric CHUI Wing-hong	
His Honour Judge Clement LEE Hing-nin	
Ms. Anne CHEN Wai-yui	
Ms. Ming LIE, Barrister-at-Law	
Mr. LAI Kam-tong	
Dr. Eric CHEUNG Fuk-chi	
The Hon Mr. Justice Wally YEUNG, V-P	(Retired on 9 December, 2020)
Magistrate, Joseph TO Ho-shing	(Retired on 9 December, 2020)

In accordance with Article 25 of the Society's Memorandum and Articles of Association, the above members of the Executive Committee retire and, being eligible, offer themselves for re-election from year to year.

Directors of the Society's subsidiary

During the year and up to date of this report, Mr. Samuel WONG Chat-chor, Mr. James IP Chung-yuen, Mr. MAK Hon-shing, Dr. YIP Chun-tung, Ms. Valerie LEE, Ms. Helen KUN Yun-fong and Mr. Simon WONG yiu-shing are directors of the subsidiary.

Executive Committee members' material interests in transactions, arrangements and contracts that are significant in relation to the Society's activities

No transactions, arrangements and contracts of significance in relation to the activities of the Group, to which the Society or its subsidiary was a party and in which a member of the Executive Committee of the Society had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Permitted indemnity provisions

Article 45 of the Society's Memorandum and Articles provides that every member of the Executive Committee for the time being of the Society shall be indemnified out of the funds and assets of the Society against any liability incurred by him/her in relation to the Society in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour or in which he/she is acquitted or in connexion with any application under section 358 of the predecessor Ordinance or section 903 or 904 of the Companies Ordinance in which relief is granted to him/her by the court.

This permitted indemnity provision is in force from 13 November, 2019 and at the time of approval of this report.

Business review

Service Overview

Since the onset of COVID-19 Pandemic and highly stringent social distancing measures, many of our services were held in hybrid mode over the year. Programmes in hybrid mode take balance between service needs and the epidemic situation. To prepare for new post-pandemic normal, we have also equipped service users to ICT applications and enhanced their knowledge and experience in using digital media. Computer learning groups were organised to equip the service users with technology competence and, more important, to increase their employability.

In response to the people affected by social incidents, a specialised team was formed to review the service needs and analyse cases and programmes. A Family Resources Kit was created for social workers and offenders' families to provide necessary information about prison visit and the standards of Approved Hand-in Articles for offenders' family as reference. Career exploration and development programmes were offered to increase their personal experience. They were also given the opportunities to explore different industries, such as pet food making, social designer in co-working place, and were arranged to participate internship in marketing company, beauty shop and imported wooden furniture shop.

Key performance indicator

Consolidated current ratio was 6.1 (2019/20 – 7.3). The consolidated current liabilities increased by HK\$4.1M mainly due to the increase in deferred income from non-subvented projects. The consolidated current assets increased by HK\$11.5M mainly due to the increase in cash on hand.

Consolidated cash flow ratio was 5.3 (2019/20 – 4.6). The consolidated cash on hand increased by HK\$15.3M mainly due to the additional fundings from the increase in non-subvented projects. Total expenditures increased by HK\$8.1M mainly due to the increase in non-subvented projects.

Principal Risks and Uncertainties

Funders tend not to sponsor time-limited projects for long. Continuation of some time-limited projects would be at stake as some of the time-limited projects of the Society have been operated for many years under the sponsorship of the same funder.

The Society acquired a mega project, namely Jockey Club Craft Your Life Together Co-living Community Project from Hong Kong Jockey Club Charities Trust. This project involves hundreds of million in demolishing an old building and putting up a new one. Any under or wrong estimation or extended delay behind schedule may result in budget deficit or lacking funds to continue hiring the project staffs.

The situation of COVID-19 outbreak in Hong Kong remained volatile that made mass fund-raising programmes challenging. In response to the pandemic, the Society will explore and adopt strategies that promote online donation and maintain the relationship with the public, as well as the funders when the pandemic continues.

Business review (continued)

Future Development

A Champion Team would be formed to lead and coordinate to facilitate the actualisation of the strategic plans. Supportive teams with staff members from all service branches and levels would be formed to support Champion Team for effective internal communication and stepping up external publicity by becoming a professional and innovative agency. The Champion Team would take the lead to establish concrete action plans responding to the outputs by the colleagues at the Workshop and cascade the plans to all levels and branches/ units.

To transform the most stigmatised through peer supporter training and development, the Society will collect practice wisdom from peer-related service in the agency, increase knowledge by literature review for peer work and align on internal definition of peers across the service branches to define the scope of services by peers.

Social intelligence with database of "up-to-date solutions" will be developed to help the people committed with crime especially those have been arrested or charged in the social incidents due to the 2019 Hong Kong extradition bill, and persons in recovery to change and transform them to contribute to the community, through working with both youth and adult who are affected including emotionally and mentally by the social incidents.

Indicators specially for the Society will be developed to help the community in crime prevention and mental health through learning and studying mental health and offending behaviours. We will review the current situation of implementation of indicator-oriented service and search for effective protective factors and means to build service model, so as to facilitate prevention, search for service gap, collect frontline practice wisdom and evaluate what we have done effectively to facilitate relapse prevention, promote recovery and wellness.

A pool of talents with either clinical and management competencies will be developed through talent development and building positive and continuous learning culture. We will set up regular training and sharing platform to facilitate communication and collaboration for cross branches and divisions synergy at all levels, establish internal standard training manual.

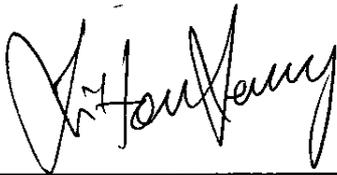
Last but not the least, in responding to the rising needs of the serving target groups and also the pressing demand in the community, the Society will develop Health Service as the agency's upcoming service focus.

EXECUTIVE COMMITTEE'S REPORT

Auditor

A resolution to reappoint Fan, Chan & Co. Limited as auditor of the Company will be put forth at the forthcoming annual general meeting.

For and on behalf of the Executive Committee



The Hon. Mr. Justice Patrick LI
Chairperson
Dated, 11 October, 2021



范陳會計師行有限公司
Fan, Chan & Co. Limited

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SOCIETY OF REHABILITATION AND
CRIME PREVENTION, HONG KONG
香港善導會

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of The Society of Rehabilitation and Crime Prevention, Hong Kong ("the Society") and its subsidiary ("the Group") set out on pages 9 to 35, which comprise the consolidated statement of financial position as at 31 March, 2021, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in reserves and funds for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March, 2021, and of its consolidated financial performance and its consolidated 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, the "Lump Sum Grant Manual", and other instructions issued by the Director of Social Welfare from time to time.

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 consolidated Financial Statements section of our report. We are independent of the Group 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 is responsible for the other information. The other information comprises the information included in the Executive Committee's report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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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INDEPENDENT AUDITOR'S REPORT
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Responsibilities of Executive Committee and Those Charged with Governance for the Consolidated Financial Statements

The Executive Committee is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Committee is responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.



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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SOCIETY OF REHABILITATION AND
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- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Society or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number: P03702

Hong Kong, 11 October, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2021

	Note	2021 HK\$	2020 HK\$
Income			
Government subvention	(26)	148,378,442	145,970,505
Residents' fees		2,278,234	2,078,337
Donations from:			
The Community Chest of Hong Kong		1,170,620	1,033,200
The Hong Kong Jockey Club Charities Trust		13,713,496	8,478,229
Lotteries Fund		2,269,439	6,297,220
Other income		40,359,381	24,743,194
Revenue from social enterprise	(27)	3,218,668	5,823,466
		211,388,280	194,424,151
Expenditure			
Personal emoluments		(157,021,174)	(143,744,255)
Food and other charges		(28,554,029)	(28,423,977)
Rent		(5,886,625)	(5,139,738)
Rates		(187,905)	(346,946)
Fixed assets and expenditures financed by Lotteries Fund		(2,332,964)	(5,706,107)
Operating cost for social enterprise		(4,244,125)	(5,428,942)
		(198,226,822)	(188,789,965)
Surplus for the year	(4)	13,161,458	5,634,186

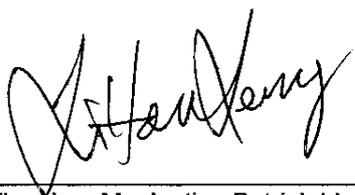
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2021

	Note	2021 HK\$	2020 HK\$
Non-current assets			
Property, plant and equipment	(7)	10,232,900	9,434,354
Current assets			
Inventories	(9)	37,650	32,453
Account and other receivables	(11)	2,463,294	6,248,860
Cash and cash equivalents	(12)	86,555,793	71,244,768
		89,056,737	77,526,081
Current liabilities			
Account and other payables	(13)	3,838,310	7,713,869
Bank borrowings	(14)	400,924	540,676
Receipt in advance from Lotteries Fund		32,322	32,322
Deferred income		9,699,169	1,544,293
F & E Replenishment and Minor Works Block Grant Reserve	(18)	705,524	769,050
		14,676,249	10,600,210
Net current assets		74,380,488	66,925,871
Total assets less current liabilities		84,613,388	76,360,225
Non-current liabilities			
Deferred income		1,376,679	1,405,032
Net assets		83,236,709	74,955,193

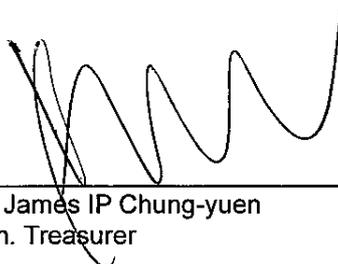
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2021

	Note	2021 HK\$	2020 HK\$
Reserves and funds			
General Reserve Fund		1,787,231	1,590,772
SWD Lump Sum Grant Reserve	(15)	41,027,416	40,289,151
SWD Provident Fund Reserve	(16)	14,454,206	14,054,149
Social Welfare Development Fund	(17)	875,429	895,685
Building Fund	(19)	6,607,381	6,865,455
Hostel Development Fund	(20)	622,377	617,699
Other Funds	(24)	16,726,101	14,276,155
Social Enterprise Fund	(21)	1,136,568	(3,633,873)
Total reserves and funds		83,236,709	74,955,193

The consolidated financial statements were approved and authorised for issue by the Executive Committee on 11 October, 2021 and are signed on its behalf by :



The Hon. Mr. Justice Patrick LI
Chairperson



Mr. James IP Chung-yuen
Hon. Treasurer

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2021

	2021 HK\$	2020 HK\$
Operating activities		
Surplus for the year	13,161,458	5,634,186
Adjustments for:		
Depreciation	5,076,386	8,780,091
Interest income	(375,645)	(629,915)
Operating surplus before changes in working capital	17,862,199	13,784,362
Increase in inventories	(5,197)	(5,205)
Decrease/(increase) in account and other receivables	3,785,566	(2,427)
Decrease in account and other payables	(8,755,501)	(5,243,478)
Increase/(decrease) in deferred income	8,126,523	(892,288)
Decrease in F & E Replenishment and Minor Works Block Grant	(63,526)	-
Cash flow generated from operating activities	20,950,064	7,640,964
Investing activities		
Interest received	375,645	629,915
Purchases of property, plant and equipment	(5,874,932)	(8,114,571)
Cash flow used in investing activities	(5,499,287)	(7,484,656)
Financing activities		
Repayment of bank loan	(139,752)	(136,393)
Cash flow used in financing activities	(139,752)	(136,393)
Net increase in cash and cash equivalents	15,311,025	19,915
Cash and cash equivalents at the beginning of year	71,244,768	71,224,853
Cash and cash equivalents at the end of the year	86,555,793	71,244,768

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH, 2021

	General Reserve Fund HK\$	SWD Lump Sum Grant Reserve HK\$	SWD Provident Fund Reserve HK\$	Social Welfare Development Fund HK\$	Building Fund HK\$	Hostel Development Fund HK\$	Other Funds HK\$	Social Enterprise Fund HK\$	Total HK\$
At 1 April, 2019	1,899,595	33,864,906	13,158,137	1,290,631	7,123,529	598,069	16,940,029	(3,400,201)	71,474,695
Surplus for the year	5,634,186	-	-	-	-	-	-	-	5,634,186
Transfer from/(to) income and expenditure account	(5,128,686)	6,373,273	1,108,331	(210,918)	(258,074)	19,630	(1,669,894)	(233,672)	-
Transfer to F & E Replenishment and Minor Works Block Grant	(591,114)	-	-	-	-	-	-	-	(591,114)
Transfer from other fund	3,134	-	-	-	-	-	(3,134)	-	-
Surplus refund to government	-	(172,800)	(214,890)	(184,028)	-	-	(990,856)	-	(1,562,574)
Adjustment per SWD letter dated 22 October, 2019 and 13 March, 2020	(226,343)	223,772	2,571	-	-	-	-	-	-
At 31 March, 2020	1,590,772	40,289,151	14,054,149	895,685	6,865,455	617,699	14,276,155	(3,633,873)	74,955,193
At 1 April, 2020	1,590,772	40,289,151	14,054,149	895,685	6,865,455	617,699	14,276,155	(3,633,873)	74,955,193
Surplus for the year	13,161,458	-	-	-	-	-	-	-	13,161,458
Transfer from/(to) income and expenditure account	(13,075,831)	4,219,502	748,487	(20,256)	(258,074)	4,678	3,611,053	4,770,441	-
Transfer from F & E Replenishment and Minor Works Block Grant	63,526	-	-	-	-	-	-	-	63,526
Transfer from other fund	47,306	-	-	-	-	-	(47,306)	-	-
Surplus refund to government	-	(3,481,237)	(348,430)	-	-	-	(1,123,712)	-	(4,953,379)
Adjustment per SWD letter dated 9 February, 2021	-	-	-	-	-	-	9,911	-	9,911
At 31 March, 2021	1,787,231	41,027,416	14,454,206	875,429	6,607,381	622,377	16,726,101	1,136,568	83,236,709

1. General information

The Society of Rehabilitation and Crime Prevention, Hong Kong (“the Society”) is a private company limited by guarantee and incorporated in Hong Kong. The address of Society’s registered office and principal place of operation is located at Room 603, Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Society and its subsidiary (“the Group”).

During the year, the principal activities of the Society are the provision of services relating to the rehabilitation in Hong Kong of convicted offenders and discharged prisoners and community education activities for the purpose of crime prevention. The principal activities of the subsidiary are set out in note 10 to the financial statements.

2. Basis of preparation and accounting policies

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard of Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the accrual basis of accounting and on the basis that the Group is a going concern. They have been prepared under the historical cost convention, as explained in the respective accounting policy as set out below.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Society and its subsidiary. Subsidiary is entity controlled by the Society. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights are considered.

The results of subsidiary acquired or disposed of during the year are included in surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

The preparation of the consolidated financial statements in conformity with HKFRS for Private Entities’ requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. Basis of preparation and accounting policies (continued)

Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS for Private Entities' that have significant effect on the consolidated financial statements and estimates with significant risk of material adjustments in the next year are discussed in note 3.

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Society and when the revenue can be measured reliably, on the following basis:

- (i) Government subventions are recognised as income over the period necessary to match them with the related costs incurred.
- (ii) Income from residents' fees is recognised when the relevant services are rendered.
- (iii) Contributions and donations received for special purposes are credited to funds designated for specific purposes.
- (iv) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.
- (v) Donations and Lotteries fund grants related to depreciable assets are usually recognised as income over the periods and in the proportions in which depreciation on those assets is charged. A deferred income is recognised for income not yet recognised in which depreciation on those assets is not yet charged.
- (vi) Subsidy income is recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.
- (vii) Revenue from Social Enterprise are recognised as follow:
 - Income arising from removal, transportation and cleaning services is recognised when relevant services are rendered.
 - Income from sales of food items are recognised upon the transfer of risk and ownership which generally coincide with the time when the food is delivered to the customers and the title has been passed.
 - Revenue arising from sales of food and beverages is recognised when the food and beverage are delivered to customers;

2. Basis of preparation and accounting policies (continued)

Revenue (continued)

The Society receives subventions and donations from the following sources:

- (i) The Social Welfare Department ("SWD"), for the following specific activities:
Central Administration and Accounting Support
Social Rehabilitation and Crime Prevention Service
Mental Health Service
- (ii) The Community Chest of Hong Kong, for application of non-subvented activities.
- (iii) The Hong Kong Jockey Club Charities Trust for other non-subvented activities.
- (iv) Lotteries Fund and Block Grant for the acquisition of the Society's furniture and equipment and minor works.

The Society maintains separate records in order to account for the subvented and unsubvented activities, and a separate income and expenditure account is prepared for each subvented activity.

Sources of income and nature of funds

The fund balances of the Society are classified as General Reserve Fund, SWD Lump Sum Grant Reserve, Social Welfare Development Fund, SWD Provident Fund Reserve, F & E Replenishment And Minor Works Block Grant Reserve, Building Fund, Hostel Development Fund, Social Enterprise Fund and Other Funds as follows:

- (i) The General Reserve Fund consists of accumulated surplus from non-subvented income and expenditure account.
- (ii) SWD Lump Sum Grant reserve

Any surplus / deficit from funding and service agreement ("FSA") activities under SWD Lump Sum Grant, during the year plus interest earned thereon are reflected in the SWD Lump Sum Grant Reserve. The level of cumulative reserves (including interest but excluding provident fund reserve) at the financial year end will be capped at 25% of the Society's operating expenditure (excluding provident fund expenditure) for that year. Any amount above this cap needs to be refunded to the Government in the following financial year, unless the cap is raised by the Director of Social Welfare upon application with justification from the Society. Any surplus of SWD Lump Sum Grant repayable to SWD is transferred to Social Welfare Subvention Surplus account.

- (iii) SWD Provident Fund Reserve

Any surplus / deficit arising from movements of Provident Fund subventions from FSA activities under Lump Sum Grant are reflected in the Provident Fund reserve. Any unspent Provident Fund provision can only be used for Provident Fund commitments in the future.

2. Basis of preparation and accounting policies (continued)

Sources of income and nature of funds (continued)

- (iv) The F & E Replenishment & Minor Works Block Grant Reserve consists of unspent balance of Block Grant received from the Lotteries Fund plus interest earned thereon. Such unspent balance can be carried forward to the next financial year for future use. The Block Grant is allocated from the Lotteries Fund for financing the furniture and equipment replenishment and minor works.
- (v) The Social Welfare Development Fund sourced from Lotteries Fund Advisory Committee. Any surplus of funds can be carried forward to the next year for future use. Any unspent balance and unauthorised use of fund will be subject to clawback.
- (vi) The Building Fund is amount transferred from other sources of fund which are designated for the purpose of acquiring the Society's property.
- (vii) The Hostel Development Fund consists of residents fee which are designated for the financing of self-supporting hostel for extending / improving services.
- (viii) The Other Funds consist of those resources which are designated by donors as to the purposes for which they may be expensed, plus interest income earned thereon.
- (ix) Social Enterprise Fund consist of operating surplus/deficit from the Society's Social Enterprise Business.

Social Welfare Subvention Surplus account

Any surplus from subvented activities excluding Lump Sum Grant ("LSG") during the period plus interest earned thereon are reflected in the Social Welfare subvention surplus account. Such surplus from subvented activities not included in LSG is refundable to the Social Welfare Department.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Project in progress represents redevelopment of "Shau Kei Wan House" in Shau Kei Wan and is carried at cost which includes development and construction expenditure incurred and other directly attributable costs, less any provision for impairment losses. Upon completion of construction, the "Shau Kei Wan House" in Shau Kei Wan will be depreciated to write off its cost less accumulated impairment losses over its estimated useful life.

Depreciation is provided to write off the cost 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. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

2. Basis of preparation and accounting policies (continued)

Property, plant and equipment (continued)

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 asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Subsidiary

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power over the entity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Financial instruments

Accounts and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of accounts and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in income and expenditure.

Financial liabilities are initially recognised at the transaction price (including transaction costs). Accounts payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Interest bearing liabilities are classified as current liabilities unless the Society has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, with original maturities of three months or less.

2. Basis of preparation and accounting policies (continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Society is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the grant is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments/deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the functional currency (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit/(loss) in the period in which they arise.

Related parties

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

- (a) A person or a close member of that person's family is related to the Group and the Society if that person:
- (i) is a member of the key management personnel of the Group and the Society or of a parent of the Group and the Society;
 - (ii) has control or joint control over the Group and the Society; or
 - (iii) has significant influence over the Group and the Society.
- (b) An entity is related to the Group and the Society if any of the following conditions applies:
- (i) the entity and the Group and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either 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).

2. Basis of preparation and accounting policies (continued)

Related parties (continued)

- (iii) both entities are joint ventures of a third entity.
- (iv) either 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 Group and the Society or an entity related to the Group and the Society. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity.

Employee benefits and retirement benefit scheme

Salaries and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

The Group operates two defined contribution schemes, the Occupational Retirement Scheme (the "ORS Scheme"), and the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") for those employees who are eligible to participate in the Schemes. Contributions are made based on a percentage of the employees' basic salaries and are charged as an expense as they become payable in accordance with the rules of the Schemes. The assets of the Schemes are held separately from those of the Group in an independently administered fund.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Deferred income

Deferred income represents funds received and receivable by the Group relating to grants from funders. These funds are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

3. Key sources of estimation uncertainty

Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

3. Key sources of estimation uncertainty (continued)

Allowance for impairment of trade receivables

Allowance for impairment of trade receivables are assessed and provided based on the executive committees' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the creditworthiness and past collection history of each individual customer. Any increase or decrease in the allowance for impairment of trade receivables would affect profit or loss in future years.

4. Surplus for the year

	2021 HK\$	2020 HK\$
Surplus for the year is arrived at after charging the following items:		
(a) Staff costs		
Key personnel management		
Salaries and benefits	1,527,000	1,447,300
Contribution to defined contribution plans	152,610	144,680
Other staff		
Salaries and benefits	143,760,135	131,191,238
Contribution to defined contribution plans	11,581,429	10,961,037
Total staff costs	157,021,174	143,744,255
(b) Other items		
Auditor's remuneration	129,300	132,700
Depreciation	5,076,386	8,780,091
Operating leases – Buildings	5,886,625	5,139,738

For the year ended 31 March, 2021, Covid-19 related government grants/assistance of Employment Support Scheme amounted to HK\$4,695,319 have been included under other income.

5. Taxation

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Society and the subsidiary are exempt from Hong Kong taxation under Section 88 of the Inland Revenue Ordinance.

6. Executive Committee members' remuneration

The Executive Committee Members received no remuneration for their services to the Group during the year (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

7. Property, plant and equipment

	Lump Sum Grant activities		Non-subsent activities				Social Enterprise			Total	
	Leasehold improvements	Furniture, fixtures and equipment	Land and buildings (note 8)	Project in progress	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Furniture, fixtures and equipment		Motor vehicles
Cost	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April, 2020	28,180,326	12,171,213	11,940,992	-	8,178,154	6,281,286	807,582	1,556,873	580,773	412,623	70,109,822
Additions	548,391	1,599,672	-	1,245,300	1,328,769	1,058,282	-	91,420	3,098	-	5,874,932
At 31 March, 2021	28,728,717	13,770,885	11,940,992	1,245,300	9,506,923	7,339,568	807,582	1,648,293	583,871	412,623	75,984,754
Accumulated depreciation											
At 1 April, 2020	26,980,326	11,099,252	5,075,535	-	8,178,154	6,281,286	807,582	1,292,082	548,628	412,623	60,675,468
Charge for the year	690,546	1,499,315	258,074	-	1,328,769	1,058,282	-	211,524	29,876	-	5,076,386
At 31 March, 2021	27,670,872	12,598,567	5,333,609	-	9,506,923	7,339,568	807,582	1,503,606	578,504	412,623	65,751,854
Net book value											
At 31 March, 2021	1,057,845	1,172,318	6,607,383	1,245,300	-	-	-	144,687	5,367	-	10,232,900
At 31 March, 2020	1,200,000	1,071,961	6,865,457	-	-	-	-	264,791	32,145	-	9,434,354

The above items of property, plant and equipment are depreciated on a straight-line method over their estimated useful lives as follows:

Leasehold land and buildings	Over the term of leases
Leasehold improvements	1 - 5 years
Furniture, fixtures and equipment	1 - 5 years
Motor vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

7. Property, plant and equipment (continued)

- a. At 31 March, 2021, the leasehold land and buildings with carrying amount of HK\$5,230,076 (2020: HK\$5,435,177) was pledged for credit facilities granted to the Group (note 14).
- b. The project in progress which started in 2021 represents the redevelopment of "Shau Kei Wan House". The project had incurred cost of HK\$1,245,300.

8. Land and buildings

Cost of the land and buildings acquired by 31 March, 2005 of HK\$3,369,417 have been written off against the source of fundings in the year of acquisition (Note 7).

All land and buildings of the Society are situated in Hong Kong held under lease terms.

9. Inventories

Inventories comprise stock in trade and food and related accessories for the food and beverage operation.

10. Subsidiary

At 31 March, 2021, the particulars of the subsidiary is as follows:

Name of subsidiary: Bright Services Company Limited

The subsidiary is under common control of the Executive Committee of the Society. Bright Services Company Limited is a company incorporated in Hong Kong and is limited by guarantee. Its principal activities are supporting aid and assisting the Society in the attainment of its declared aims and object, specifically for the operation of business activities including home and office removal, office and building cleaning, exhibition management and manpower supply, food processing and a bakery coffee shop, which should be endorsed by the Society and which provide or increase employment opportunities for ex-offenders and discharged prisoners.

11. Account and other receivables

	2021 HK\$	2020 HK\$
Account receivables	634,162	4,871,424
Prepayments	3,240	166,191
Deposits	1,825,892	1,211,245
	2,463,294	6,248,860

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

12. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

13. Account and other payables

	2021	2020
	HK\$	HK\$
Account payables	553,982	4,664,115
Accrued charges	3,284,328	3,049,754
	<u>3,838,310</u>	<u>7,713,869</u>

14. Bank borrowings

	2021	2020
	HK\$	HK\$
Bank loans, secured	400,924	540,676
Classification under contractual terms:		
Current portion	142,554	139,385
Non-current portion	258,370	401,291
	<u>400,924</u>	<u>540,676</u>

The above analysis is prepared based on the agreed scheduled repayment dates set out in the loan agreements. There is a bank borrowing that are repayable after one year which contain a repayment on demand clause and is classified as a current liability is expected to be settled within one year.

The Group's bank borrowings are secured by the Group's land and buildings with net book value of HK\$5,230,076 (2020: HK\$5,435,177) (note 7).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

15. SWD Lump Sum Grant Reserve

	2021 HK\$	2020 HK\$
Balance brought forward	40,289,151	33,864,906
Transfer of surplus from income and expenditure account	4,219,502	6,373,273
Surplus refund to government	(3,481,237)	(172,800)
Adjustment per SWD letter dated 22 October, 2019 and 13 March, 2020	-	223,772
Balance carried forward	41,027,416	40,289,151

16. SWD Provident Fund Reserve

	2021 HK\$	2020 HK\$
Balance brought forward	14,054,149	13,158,137
Transfer of surplus from income and expenditure account	748,487	1,108,331
Adjustment per SWD letter dated 22 October, 2019	-	2,571
Surplus refund to government	(348,430)	(214,890)
Balance carried forward	14,454,206	14,054,149

17. Social Welfare Development Fund

a. Social Welfare Development Fund (SWDF) Phase 2 funded by Lotteries Fund

	2021 HK\$	2020 HK\$
Balance brought forward	-	184,028
Interest income received during the year	-	-
Refund to Social Welfare Department	-	184,028 (184,028)
Balance carried forward	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

17. Social Welfare Development Fund (continued)

b. Social Welfare Development Fund (SWDF) Phase 3 funded by Lotteries Fund

	2021 HK\$	2020 HK\$
Balance brought forward	895,685	1,106,603
Total fund received during the year	234,916	174,961
Interest income received during the year	5,342	4,097
	1,135,943	1,285,661
Expenditure under SWDF during the year		
Expenditure for projects under scope A	(66,000)	(224,226)
Expenditure for projects under scope B (IT)	(194,514)	(165,750)
Expenditure for projects under scope C	-	-
Total expenditure during the year	(260,514)	(389,976)
Balance carried forward	875,429	895,685
Total balance carried forward	875,429	895,685

18. F & E Replenishment and Minor Works Block Grant Reserve

a. Movement of the F & E Replenishment and Minor Works Block Grant Reserve

	2021 HK\$	2020 HK\$
Balance brought forward	769,050	177,936
Add: Block Grant received during the year	2,209,000	1,997,000
Interest income received during the year	26	1,926
	2,978,076	2,176,862
Less: Expenditure for the year		
Minor Works Project	(605,010)	(342,532)
Furniture & Equipment	(1,644,502)	(1,048,675)
Vehicle Overhauling	(23,040)	(16,605)
	(2,272,552)	(1,407,812)
Balance carried forward	705,524	769,050

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

18. F & E Replenishment and Minor Works Block Grant Reserve (continued)

- b. As at 31 March, 2021, the outstanding commitments in respect of F&E Replenishment and Minor Works Block Grant were as follows:

	2021 HK\$	2020 HK\$
Contracted for but not provided in the financial statements	323,332	643,937
Authorised, but not contracted for	207,450	19,975
	<u>530,782</u>	<u>663,912</u>

19. Building Fund

	2021 HK\$	2020 HK\$
Balance brought forward	6,865,455	7,123,529
Transfer of deficit from income and expenditure account	(258,074)	(258,074)
	<u>6,607,381</u>	<u>6,865,455</u>

20. Hostel Development Fund

	2021 HK\$	2020 HK\$
Balance brought forward	617,699	598,069
Transfer of surplus from income and expenditure account	4,678	19,630
	<u>622,377</u>	<u>617,699</u>

21. Social Enterprise Fund

	2021 HK\$	2020 HK\$
Balance brought forward	(3,633,873)	(3,400,201)
Transfer of surplus/(deficit) from income and expenditure account	4,770,441	(233,672)
	<u>1,136,568</u>	<u>(3,633,873)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

22. Flag Day Fund

	2021 HK\$	2020 HK\$
Balance brought forward	1,601,851	1,601,851
Fund raising income	395,886	-
Fund raising expenditure	(83,882)	-
Net proceeds	312,004	-
Expenditure for supporting crime prevention services and drug prevention	(540,292)	-
Expenditure for developing and maintaining supporting services for socially neglected groups	(302,588)	-
Balance carried forward	1,070,975	1,601,851

23. Social Welfare Development WIFI Fund

	2021 HK\$	2020 HK\$
Balance brought forward	821,100	-
Income	303,600	821,100
Expenditure*	(686,265)	-
(Deficit)/surplus for the year	(382,665)	821,100
Balance carried forward	438,435	821,100

*Include Technical set-up and installation cost amounting to HK\$450,000 (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

24. Other Funds

	Balance at 1 April, 2020 HK\$	Income HK\$	Expenditure HK\$	Refund to funder HK\$	Transfer HK\$	Adjustment per SWD letter dated 9 February, 2021 HK\$	Balance at 31 March, 2021 HK\$
Chinese Permanent Cemeteries Fund	1,127	-	(1,127)	-	-	-	-
Flag Day Fund	1,601,851	395,886	(926,762)	-	-	-	1,070,975
Non-Custodial Service Fund	14,558	-	(2,000)	-	-	-	12,558
Staff Welfare Fund	94,368	16,623	(26,278)	-	-	-	84,713
Service Development Fund	2,280,224	-	(913,961)	-	860,913	-	2,227,176
Membership Subscription Fees	47,306	6,200	-	-	(47,306)	-	6,200
AID Trust Fund-MIII	(3,064,890)	6,674,327	(4,842,961)	-	-	-	(1,233,524)
HKJCCT - OASIS Project Fund	(261,660)	3,041,626	(2,716,214)	-	-	-	63,752
Employee Retraining Board Fund	1,358,064	6,437,087	(7,294,582)	-	-	-	500,569
Correctional Services Department - TC Fund	917,810	457,808	(361,351)	-	-	-	1,014,267
Mock Trial	138,915	380,500	(151,493)	-	551,915	-	919,837
Health Service Fund	16,356	10,000	(6,323)	-	-	-	20,033
Rainbow Fund	(115,411)	548,021	(504,517)	-	-	-	(71,907)
Employment Initiative Fund	30,008	-	-	-	-	-	30,008
Charity Activity	1,289,503	360,363	(84,551)	-	(1,146,000)	-	419,315
HK Mortgage Corporation Limited Fund	(37,673)	24,000	-	-	-	-	(13,673)
Government - Beat Drugs Fund	(2,432,937)	1,428,350	(3,700,605)	-	-	-	(4,705,192)
Correctional Services Department - Other Funds	2,157,214	948,239	(958,720)	-	(376,509)	-	1,770,224
Heng Sang Bank Limited Fund	2,320,170	2,100,000	(1,877,120)	-	-	-	2,543,050
Sub-total carried forward	6,354,903	22,829,030	(24,368,565)	-	(156,987)	-	4,658,381

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

24. Other Funds (continued)

	Balance at 1 April, 2020 HK\$	Income HK\$	Expenditure HK\$	Refund to funder HK\$	Transfer HK\$	Adjustment per SWD letter dated 9 February, 2021 HK\$	Balance at 31 March, 2021 HK\$
Sub-total brought forward	6,354,903	22,829,030	(24,368,565)	-	(156,987)	-	4,658,381
SRACP Training Centre Fund	1,267,033	2,076	(154,170)	-	-	-	1,114,939
Keswick Foundation Limited Fund	(115,596)	50,000	(40,000)	-	115,596	-	10,000
Community Chest Baseline Allocation Fund	508,906	1,196,320	(986,415)	-	-	-	718,811
SWD-Tranquility Indoor Farm Fund	(667,481)	567,155	(902,124)	-	496,000	-	(506,450)
Accommodation Service Fund	(47,886)	188,819	(215,299)	-	-	-	(74,366)
HSBC Trustee (HK) Limited Fund	74,641	-	(69,614)	-	-	-	5,027
Chow Tai Fook Charity Foundation Limited	54,622	80,880	(89,999)	-	-	-	45,503
The Hong Kong Jockey Club Charities Trust Fund	(4,056,970)	11,465,285	(10,144,740)	(147,470)	-	-	(2,883,895)
Commission on Youth Fund	(792,858)	7	(1,841)	-	-	-	(794,662)
Deutsche Bank Fund	14,836	-	(4,200)	-	-	-	10,636
SWD - Rent and rates	(1,396,655)	3,591,309	(3,718,665)	(218,616)	-	9,911	(1,732,716)
SWD - Central item	1,234,757	3,764,878	(3,125,013)	(757,626)	-	-	1,116,996
Training Centre Fund - B	(15,683)	-	(15,919)	-	50,000	-	18,398
PCB Fund	18,775	-	(23,284)	-	-	-	(4,509)
Mock Trial - Dr. Wong	11,133	-	-	-	(11,133)	-	-
Mock Trial - JPC	540,782	-	-	-	(540,782)	-	-
Employment Service Office Reallocation Fund	9,988,397	88,541	-	-	-	-	10,076,938
K & K Charity Fund	(28,572)	24,111	4,461	-	-	-	-
S.K. Yee Medical Foundation	(29,201)	-	-	-	-	-	-
Chak Yan Centre School	216,451	440,000	(308,873)	-	-	-	(29,201)
Committee on the Promotion of Civic Education	13,292	-	(13,292)	-	-	-	347,578
Li Ka Shing Foundation	(16,860)	255,259	(261,399)	-	-	-	(23,000)
Community Chest SoUk	(30,053)	87,661	(287,655)	-	-	-	(230,047)
SWD WIFI Fund	821,100	303,600	(686,266)	-	-	-	438,435
SWD-One Off Special Grant	354,342	585,672	(798,994)	-	-	-	141,020
Vera Ruttonjee Desai Charitable Fund	-	1,199,125	(793,192)	-	-	-	405,933
SWD CSWS 2.0 Fund	-	2,700,000	(2,064,263)	-	-	-	635,737
SIE Fund	-	1,660,509	(1,672,765)	-	-	-	(12,256)
Save the Childred	-	128,755	(67,248)	-	-	-	61,507
The Hongkong Bank Foundation	-	197,736	(104,988)	-	-	-	92,748
China Merchants Foundation	-	200,000	(129,101)	-	-	-	70,899
SWD- Time Limited Post for Elderly & Rehab	-	327,000	(132,374)	-	-	-	194,626
Facilities Maintenance Fund	-	3,440,635	(587,514)	-	-	-	2,853,121
Total	14,276,155	55,374,363	(51,763,310)	(1,123,712)	(47,306)	9,911	16,726,101

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

25. Statement of financial position and reserve movement of the Society

	2021 HK\$	2020 HK\$
Non-current assets		
Property, plant and equipment	10,082,846	9,137,418
Current assets		
Account and other receivables	2,075,950	5,733,761
Amount due from subsidiary	288,168	232,815
Loan to subsidiary	1,350,000	1,350,000
Cash and cash equivalents	84,255,537	69,904,226
	87,969,655	77,220,802
Current liabilities		
Account and other payables	3,747,742	3,487,781
Bank borrowings	400,924	540,676
Receipt in advance from Lotteries Fund	32,322	32,322
Deferred income	9,699,169	1,544,293
F & E Replenishment and Minor Works Block Grant Reserve	705,524	769,050
	14,585,681	6,374,122
Net current assets	73,383,974	70,846,680
Total assets less current liabilities	83,466,820	79,984,098
Non-current liabilities		
Deferred income	1,366,679	1,395,032
Net assets	82,100,141	78,589,066

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

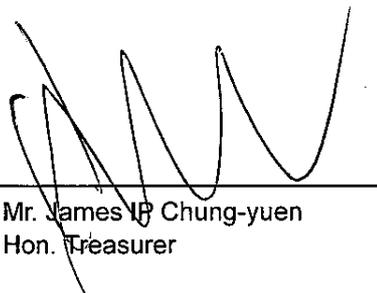
25. Statement of financial position and reserve movement of the Society (continued)

	2021 HK\$	2020 HK\$
Reserves and funds		
General Reserve Fund	1,787,231	1,590,772
SWD Lump Sum Grant Reserve	41,027,416	40,289,151
SWD Provident Fund Reserve	14,454,206	14,054,149
Social Welfare Development Fund	875,429	895,685
Building Fund	6,607,381	6,865,455
Hostel Development Fund	622,377	617,699
Other Funds	16,726,101	14,276,155
Total reserves and funds	82,100,141	78,589,066

The financial statements were approved and authorised for issue by the Executive Committee on 11 October, 2021 and are signed on its behalf by :



The Hon. Mr. Justice Patrick LI
Chairperson



Mr. James IP Chung-yuen
Hon. Treasurer

The reserve movement of the Society is referred to respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

26. Government subvention

	2021 HK\$	2020 HK\$
SWD Lump Sum Grant subventions	130,258,109	126,721,590
Provident fund - existing staff	3,920,842	4,397,953
Provident fund - 6.8%	6,843,304	6,500,568
Central item	3,764,878	3,217,554
Rent and rates	3,591,309	5,132,840
	<u>148,378,442</u>	<u>145,970,505</u>

27. Revenue from social enterprise

	2021 HK\$	2020 HK\$
Sales of food	-	704
Services income		
- Cleaning	97,180	1,536,537
- Exhibition	531,391	1,839,726
- Removal transportation	1,172,258	1,111,957
- Food and beverages	1,326,442	1,214,342
- Smart Exhibition Project	91,397	93,102
- Good Harvest Maintenance Services	-	27,098
	<u>3,218,668</u>	<u>5,823,466</u>

28. Operating lease commitments

Operating leases payments represent rentals payable by the Group for leasing certain centres, hostel, restaurants and offices units. These leases have an average life of three years.

At 31 March, 2021, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2021 HK\$	2020 HK\$
Within one year	4,647,638	4,555,646
In the second to fifth year, inclusive	1,105,897	3,123,696
	<u>5,753,535</u>	<u>7,679,342</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2021

29. Capital commitments

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

	2021 HK\$	2020 HK\$
Contracted for	20,273,213	-
Authorised, but not contracted for	-	-
	<u>20,273,213</u>	<u>-</u>

30. Provident fund scheme

The Group participates in the retirement schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in an independently administered fund maintained with an insurance company.

31. Novel Coronavirus ("Covid-19") Outbreak

As a result of the outbreak of COVID-19, the globe has taken numerous measures including travel and transportation restrictions to prevent the spread of the epidemic. Such measures including quarantine measures imposed by the Hong Kong government has had an impact on the Society's operations. As the situation remains fluid, the Management Committee of the Society considered that the financial effects of COVID-19 on the Society's financial statements cannot be reasonably estimated as the date these financial statements are authorised for issue. Given the unpredictable nature and rapid development relating to COVID-19, the Society's operating environment would be increasingly challenged when the epidemic continues. The Management Committee will continue to assess the impact of the outbreak of the epidemic on the Society's operation and financial performance in this regard.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2021
(FOR MANAGEMENT PURPOSE ONLY)

	2021 HK\$	2020 HK\$
Income		
Government subvention	148,378,442	145,970,505
Residents' fees	2,278,234	2,078,337
Donations from:		
The Community Chest of Hong Kong	1,170,620	1,033,200
The Hong Kong Jockey Club Charities Trust	13,713,496	8,478,229
Lotteries Fund	2,269,439	6,297,220
Other income	35,065,518	24,273,596
	202,875,749	188,131,087
Expenditure		
Personal emoluments	(156,297,443)	(142,799,049)
Food and other charges	(29,807,347)	(28,433,035)
Rent	(5,859,073)	(4,978,092)
Rates	(187,905)	(346,946)
Fixed assets and expenditures financed by Lotteries Fund	(2,332,964)	(5,706,107)
	(194,484,732)	(182,263,229)
Surplus for the year	8,391,017	5,867,858