

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
(incorporated in Hong Kong as a company limited by guarantee)

**Directors' Report and  
Financial Statements  
For the year ended 31 March 2021**

**Certified as a true and  
Correct copy of the original**



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MAK Kin-wah  
Chairman



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**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**DIRECTORS' REPORT**

The directors have pleasure in presenting their annual report together with the audited financial statements of the Hong Kong Society for the Aged ("the Society" or "SAGE") for the year ended 31 March 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the Society is to provide and promote the welfare services for the elderly in Hong Kong.

**RESULTS AND APPROPRIATIONS**

The results of the Society for the year ended 31 March 2021 and the state of affairs of the Society as at that date are set out in the financial statements on pages 15 to 54. The detailed Income and Expenditure Statements are set out on pages 55 to 63.

In accordance with the Society's Memorandum of Association, net surplus shall be applied solely towards the promotion of the object of the Society.

**DIRECTORS**

The directors of the Society during the year and up to the date of this report were as follows:

Mak Kin Wah	(Chairman)
Leung Man Fuk, Edward	(Vice-chairman)
Tam Wai Chun	(Vice-chairman)
Wong Chor Sar	(Vice-chairman)
Au Kit Sing, Derrick	(Vice-chairman)
Leung York Yee	(Honorary Treasurer)
Siu Mei Fung	(Honorary Secretary)
Chan Fun Ting	
Cheng Luk San, Augustine	
Choi Wai Fun, Anna	
Ho Pui Tak	
Kwan Wei Yin, Hilda	
Lam Wai Man, Virginia	
Lo Kai Ming, Charles	(resigned on 10 December 2020)
Tang Wah Hau	(appointed on 10 December 2020)
Tong Bing Chung	
Wong Kam Ling	
Yau Po Wing, David	
Yuen Chi Man, Anders	
Yuen Kam Ho, George	

In accordance with Article 37 of the Society's Articles of Association, all present directors retire and being eligible, offer themselves for re-election for the forthcoming year.

**THE HONG KONG SOCIETY FOR THE AGED**  
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**DIRECTORS' REPORT**

**BUSINESS REVIEW**

**Review of the year**

The blow of coronavirus to Hong Kong undermined the provision of elderly services and inevitably affected the well-being of older people and their carers. In the midst of this unprecedented ordeal, the steadfast commitment and strong team spirit of everyone at SAGE made it possible for us to proactively change the unchangeable, innovate to sustain service delivery, and achieve project progress despite disruptions to implementation.

**Staying Responsive to the Pandemic**

SAGE stayed vigilant in safeguarding the elderly and our staff from the very beginning of the virus outbreak. By continually upgrading guidelines and contingencies as more was learnt of the coronavirus, we swiftly responded to the fast changing situations, as we always did even in the most challenging circumstances, complying with government regulations as appropriate. Various guidelines on infection control, safety and risk management and elderly care procedures, etc. were comprehensively reviewed. The quality management concepts of man, machine, material, method and environment were further emphasised. Stepped-up measures and contingency plans ranging from staff deployment, stock control, and proper use of infection prevention materials to environmental control were carefully formulated.

**Resilient amid Challenges**

The innovative mindset and perseverance of the staff remained unchanged, which played an important part in expediting service adaptations amid evolving government requirements.

With the smart use of information and communications technology (ICT) in elderly homes, we kept up with regular activities and maintained communication among the residents, the carers and the homes during the suspension of outing, and visits by family members. Specialty programmes were also held albeit with adaptations. Online connections were deployed to overcome the disruptions, to help maintain the physical and mental health of the residents, and to soothe the anxiety of the carers.

To help the home-bound elderly to stay healthy, our staff conducted interactive activities or live demonstrations of exercises via video links. They also produced online training videos for volunteers, to minimise delays to service projects.

To keep those with special health needs like dementia stay active at home, our staff made for the frail elderly in the community videos of rehabilitation exercises and even sent handmade training materials.

To ensure strict compliance with the latest health directives of the authorities, our home help service teams continually adjusted their work to carry on with meal delivery, rehabilitation training and out-patient escort services with resilience and unwavering commitment to our pledge to care.

**THE HONG KONG SOCIETY FOR THE AGED**  
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**DIRECTORS' REPORT**

**BUSINESS REVIEW - Continued**

**Enriched Resources from Society**

When most Hong Kong people were crying out desperately for personal protective equipment to fight the virus, we were lucky to have many kind-hearted organisations and individuals donated these precious materials to us. The materials filling part of the supply gap not only greatly relieved the anxiety of the elderly, but also inspired us with determination especially in difficult times.

The challenges of COVID-19 have by no means deterred us from offering our best possible care for the elderly.

**Regenerating Wellness with Steadfast Efforts**

Maintaining the physical, mental, social and psychological health of the elderly is our highest priority. As of August 2020, 70% of our residents in elderly homes aged 85 years old or above. Osteoporosis is common among them. To prevent the elderly from having bone fracture, SAGE rolled out a bone health programme in all of our elderly homes. Various measures have been carried out systematically: organising relevant staff training, purchasing or renting bone density equipment, reviewing menu by dietitian, conducting awareness training for residents and their carers, providing regular screening, and making case referral. We will also conduct an evaluation of the effectiveness of the programme to give insights into our future care plan.

**Enhancing Mechanisms**

Professionalism is another guiding principle we cherish. The Society continued to boost the effectiveness and quality of speech therapy service during the year to meet the rising needs of the older population and their carers. Steered by the Advisory Committee on Speech Therapy and Swallowing Service and the associated Service Improvement Group, we thoroughly revisited the training needs and updated the latest development of the speech therapy profession. More essential equipment was then purchased to ensure higher standard of services that can better fulfill the diverse needs.

**Leveraging Strengths**

Following the Taiwan study tours on the main themes of person-centred care, active ageing, end-of-life care and gerontechnology at the end of 2019, professional and frontline staff participants proactively shared the insights gained from their Taiwan counterparts with colleagues in all service units. Although not all good practices can be adopted in Hong Kong due to differences in culture, elderly policies and health conditions of the elderly, some agendas are worthy of consideration. They include the use of more technology in daily health monitoring, increasing the right to choose of elderly home residents, and inducing more home-like practices and setting in the elderly homes. SAGE will continue to explore the integration of appropriate modes and practices into our daily services.

**THE HONG KONG SOCIETY FOR THE AGED**  
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**DIRECTORS' REPORT**

**BUSINESS REVIEW - Continued**

**Risk and Uncertainties**

The pressure of increasing service demands and shortage of care staff remained the major difficulties facing many elderly care service providers, which would likely pose threats to the quality of the care services.

The Hong Kong Government has increased the subsidised residential care places and the recurrent expenditure over the years to support its policy objective of “ageing in place as the core, institutional care as back-up”. However, due to an increasingly ageing population, the demand for institutional care and community care services was ever-growing and far exceeded the supply, resulting in a long waiting list for subsidised places and a large shortfall in service provision. The implementation of this policy objective would require a more solid guiding welfare policy and a lot more hard work not only from the social welfare sector but also a shared vision with joint effort across various government bureaus.

The release of manpower arising from the weakened economy amid coronavirus brought limited benefit to SAGE. Person-centred by job nature, the elderly care industry requires frontline workers and healthcare professionals to provide attentive care for service recipients, usually with close contact, under specific protocols and procedures. When the importance of practising social distancing was highlighted in infection prevention, such job nature raised the health concerns of some job seekers, and made them less willing to enter the industry. The statutory requirement of compulsory testing of elderly home staff on a regular basis as part of the Government’s anti-pandemic efforts further complicated the issue, worsening an already prevalent staff recruitment and retention problem. As a result, fewer potential workers than expected were willing to join the care workforce, and those who joined may not stay long. The new workforce therefore became unstable. It seems that the problem of labour shortage will only get worse unless the issue is well addressed as part of the comprehensive policy framework.

While the severity of coronavirus infection in Hong Kong gradually reduced, the highly contagious COVID-19 variants have emerged as another challenge to the resuming normal provision of elderly service. Looking ahead, close monitoring of the virus development and contingency planning will still be key to the effective containment of COVID-19.



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**BUSINESS REVIEW - Continued**

**Highlight of the Year**

Despite the many obstacles during the year, with steadfast efforts, we are pleased to have made concrete achievements to strengthen the physical and mental health of the older generation.

**Reinvigorating Joy with Digital Technology**

Both the interactive function of the e-Centre, an online forum, and the function for comparing the information of elderly homes in Hong Kong on the e-Elderly Portal ([www.e123.hk](http://www.e123.hk)) have been significantly enhanced. With the new single logon function, users can also log into our signature websites of the e-Elderly Portal, Elder-Friendly Employment Practice ([www.e72.hk](http://www.e72.hk)) and Joyful Return ([www.e1668.hk](http://www.e1668.hk)) conveniently.

We are glad that The Hong Kong Jockey Club Charities Trust has invited us to develop a new ICT project -- Smart Care @Community: Special Project for the Homebound Elderly. The experience of practising social distancing during COVID-19 allowed us to better understand isolation anxiety of the homebound elderly. Through teaching them and their carers how to take advantage of the digital technology available on tablets, the home visits or distance learning format offered by this project, we hope, will help improve the quality of life of the homebound elderly. It may also help our Society explore possible service transformations.

**Training for Brain Vitality**

Funded by The Hong Kong Jockey Club Charities Trust, we have successfully developed 25 brand new cognitive training games, with the inputs of our professional therapists. Therapists of other organisations can tailor a suitable combination of games as an alternative means of intervention for their service recipients. These games can thus be used not only for leisure and self-challenge, but also for enhancing cognitive power. Research collaboration with The Hong Kong Polytechnic University on the effectiveness of the games in bolstering cognitive ability is also in progress.

Favourable efficacy in our service has resulted from the use of a wide range of gerontechnology products purchased with the subsidy of the Innovation and Technology Fund for Application in Elderly and Rehabilitation Care of the Social Welfare Department. To maximise and make the best use of technology, we shall explore further integration of gerontechnology into our services to improve the quality of care, empower the elderly, and promote overall efficiency.

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**BUSINESS REVIEW - Continued**

**Reigniting Talents**

The weak job market resulting from the lingering pandemic has hampered the opportunities of the elderly looking for re-employment. Despite this, our Elder-Friendly Employment Practice was able to find a way to utilise their talents and realise their personal potential. These talented people got together to produce sophisticated fabric facial coverings which gained wide recognition, with the smooth coordination of our project team and the vigorous use of the social media, validating our belief that "it is the talent but not age that matters". These achievements have also boosted our confidence in expanding the use of ICT in service.

Sharing the same vision of reigniting talents with the Elder-Friendly Employment Practice, the Jockey Club Golden Age Journey Project - SAGEmatch promotes a new concept of volunteer-matching and the continuous contribution that the elderly and the middle-aged can make to society, by tapping their potential. Amid the new reality of the coronavirus, specialised volunteers trained under the project showcased their varied talents in a series of innovative online videos for promoting care for the demented elderly, and for teaching the matched elderly and their carers dementia care knowledge and skills.

The three-year pilot programme SAGE Jockey Club Integrated Transitional Care Programme (InteCare) aiming to reduce premature institutionalisation of the elderly ended in February 2021. Research findings show that the programme is effective in assisting the frail elderly with rehabilitation potential in returning to the community, therefore helping the government utilise public resources. With the subsequent kick-off of the Jockey Club Empowerment-based Transitional Care Project, an enhanced extension of the InteCare programme, our pursuit of the meaningful mission continues.

**Future Development**

In spite of the challenges it caused, the unprecedented pandemic has offered us new insights into enhancing our service modes for the future.

**Reflections for the Future**

Incorporating ICT into our service has long been a key strategic direction. The successive pandemic waves have reinforced our determination to accelerate the pace of adopting technology for bolstering the depth and breadth of our service. With the positive change of attitude of the elderly, carers and even staff towards digital technology, we shall take the opportunity to convert more traditional service models under the new norm, integrating online and offline services to increase flexibility and engagement.

Elderly needs become increasingly complicated, SAGE is therefore always mindful of continually challenging our work approaches and strategies so as to keep paths on track especially during critical times.

When it comes to providing quality care, strengthening of equipment is as important as system enhancement. Our Society will keep exploring innovative gerontechnology products to enhance the health conditions of the older generation.

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**BUSINESS REVIEW - Continued**

**Environmental Policies and Performance**

SAGE is committed to fostering environmental sustainability through various energy saving and waste reduction initiatives. We also observe global standards, related laws, and internal regulations related to conservation of the environment and strive to implement activities that use resources efficiently. In order to provide a pleasing environment for all service users and staff, efforts are being made to strengthen waste disposal, enhance energy efficiency, prevent water and air pollution, control noise and toxic materials, keep the environment clean, boost energy saving tips, use energy efficient products and promote ecological conservation, etc. The environmental equipment installed and practices that adopted in pursuance of this manner are listed as follows:

- Electric Kitchen System
- Ozone Laundry System
- Liquefied Petroleum Gas (LPG) Vehicle
- China Light Power (CLP) GrREENplus Energy Billboard
- Energy Efficient Appliance
- Clinical Waste Disposal

**Compliance with the Relevant Laws and Regulations**

The nature of our service, guided by many legislative requirements, is characterised by standard setting and compliance, specification of disciplinary actions, inspection and licensing, as well as safety and monitoring. Regular annual internal audit has been scheduled to check the compliance of all service units. Key relevant laws and regulations that our service units comply include:

- Building Ordinance
- Electricity Ordinance
- Fire Services Ordinance
- Public Health and Municipal Services Ordinance
- Prevention of Bribery Ordinance
- Personal Data (Privacy) Ordinance
- Nurses Registration Ordinance
- Social Workers Registration Ordinance
- Supplementary Medical Profession Ordinance
- Residential Care Homes (Elderly Persons) Ordinance
- Employment Ordinance
- Occupational Safety and Health Ordinance
- Mandatory Provident Fund Schemes Ordinance
- Minimum Wage Ordinance

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**BUSINESS REVIEW - Continued**

**Employees, Customers and Suppliers**

While living with the coronavirus has become a new normal, elderly service providers will face increasingly complicated challenges. We are indebted to the government departments, donors, strategic partners, advisers and directors who gave us their staunch support over the past year. Our appreciation also goes to the staff who stood by their commitment and performed in difficult times. We count on the continuous support of all our stakeholders, to honour our evergreen promise to care for the elderly.

It is these unchanged noble virtues that made it possible for us to change our services as appropriate under the fast changing circumstances, and continue to live up to our mission.

**Services statistics**

**A. Community Care**

District Elderly Community Centres (4 Centres) and Neighbourhood Elderly Centres (4 Centres)	4/2020 - 3/2021	4/2019 - 3/2020
Total number of elderly and carers served	16,279	16,683
Total number of attendances	125,474	504,719
Total number of cases	2,712	2,702
Total number of groups, activities and programmes	4,807	5,729
Day Care Centres for the Elderly (4 Centres)	4/2020 - 3/2021	4/2019 - 3/2020
Total number of attendances	24,631	43,565
Integrated Home Care Services (8 Teams)	4/2020 - 3/2021	4/2019 - 3/2020
Total number of ordinary cases	911	937
Total number of frail cases	113	59
Total weighted units	339,254	346,053

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**DIRECTORS' REPORT**

**BUSINESS REVIEW - Continued**

**Services statistics - Continued**

**B. Residential Care**

Care-and-attention Homes providing continuum of care (9 Homes)	4/2020 - 3/2021	4/2019 - 3/2020
Total number of residents	1,150	1,168
Required level of care of residents		
1. Home-for-the-aged (no. of residents)	16	18
2. Care-and-attention home and nursing home (no. of residents)	1,001	1,000
3. Infirmity care (no. of residents)	133	150
Number of residents diagnosed with dementia (no. of residents)	639	660

**C. Special Projects**

eElderly (e123)	4/2020 - 3/2021	4/2019 - 3/2020
Total number of members	53,092	47,457
Total number of pageviews of e123 website	8,296,814	6,317,756

Elder-Friendly Employment Practice	4/2020 - 3/2021	4/2019 - 3/2020
Total number of pageviews of e72.hk website	369,242	342,500
Total number of recruited elders	88	91

SAGE Jockey Club Integrated Transitional Care Programme (InteCare)	4/2020 - 3/2021	4/2019 - 3/2020
Total number of elderly and carers served	126	233
Total number of cases of elderly and carers	106	323

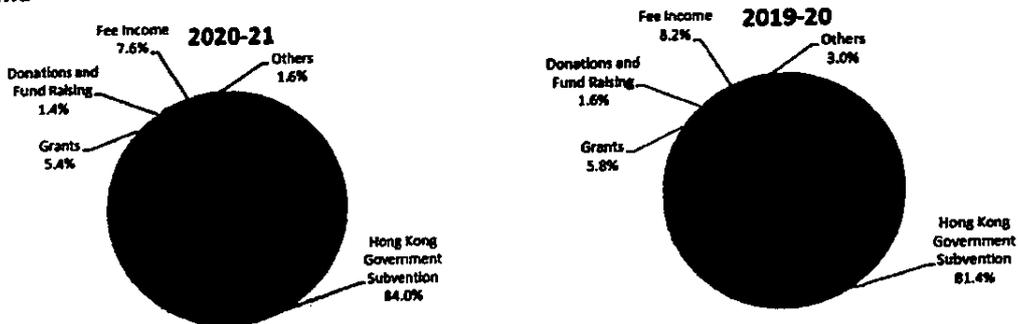
**THE HONG KONG SOCIETY FOR THE AGED**  
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**DIRECTORS' REPORT**

**BUSINESS REVIEW - Continued**

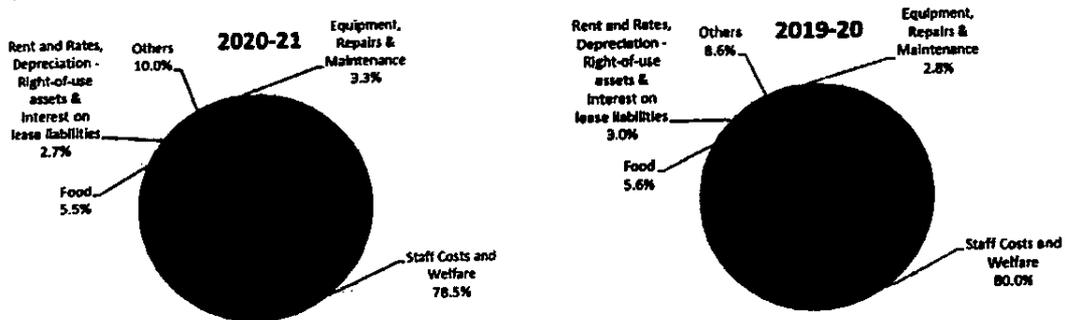
**Financial analysis**

The following charts show the breakdown of our Income, Expenditure, Total Assets and Total Reserves & Funds for the year 2020-21 and 2019-20 respectively:

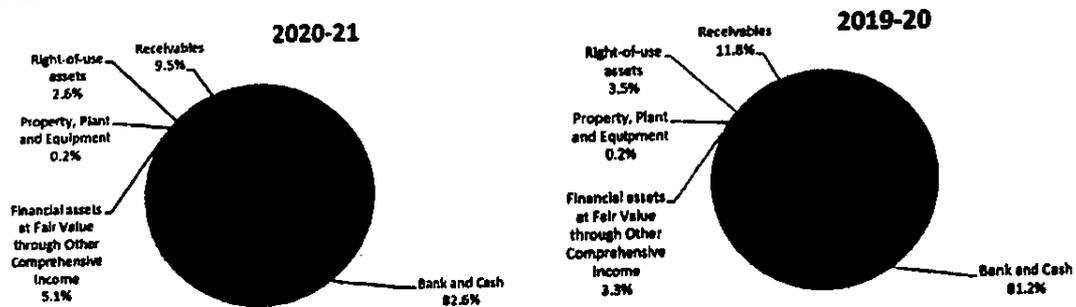
**Income**



**Expenditure**



**Total Assets**

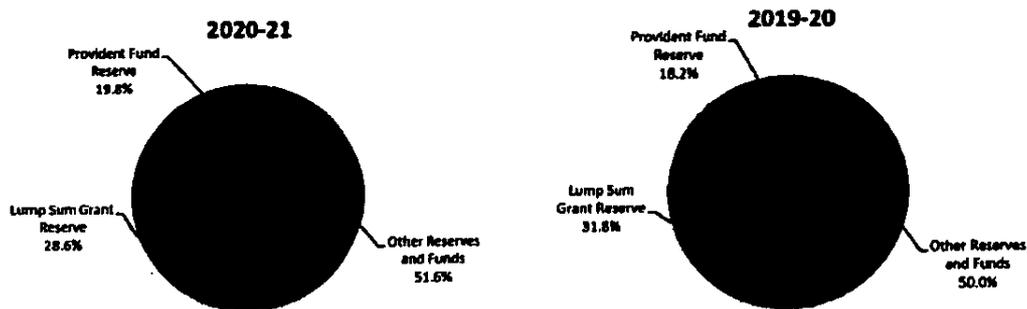


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**DIRECTORS' REPORT**

**BUSINESS REVIEW - Continued**

**Financial analysis - Continued**

**Total Reserves and Funds**



**PERMITTED INDEMNITY PROVISIONS**

During the financial year and as at the date of this report, a qualifying indemnity provision made by the Society for the benefit of the directors of the Society is in force.

**ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Society a party to any arrangements to enable the directors of the Society to acquire benefits by means of the acquisition of shares in, or debentures of, the Society or any other body corporate.

**AUDITOR**

A resolution will be proposed at the forthcoming annual general meeting of the Society to re-appoint BDO Limited as the auditor of the Society.

By order of the directors

Mak Kin Wah  
Chairman

Hong Kong, 27 September 2021



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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
THE HONG KONG SOCIETY FOR THE AGED**

**(香港耆康老人福利會)**

(incorporated in Hong Kong as a company limited by guarantee)

**Opinion**

We have audited the financial statements of The Hong Kong Society for the Aged ("the Society") set out on pages 15 to 54, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in total funds and the 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 Society as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Society 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 directors are responsible for the other information. The other information comprises the information included in the directors' report and detailed income and expenditure statement.

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.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
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**Directors' Responsibilities for the Financial Statements**

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

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

The directors are also responsible for overseeing the Society's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the 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 HKSA's 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 HKSA's, 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.



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- 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 Society's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society 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.

BDO Limited  
Certified Public Accountants  
Or Ying Ying, Anita  
Practising Certificate Number: P07424

Hong Kong, 27 September 2021

**THE HONG KONG SOCIETY FOR THE AGED**  
(香港耆康老人福利會)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021			2020		
		General funds HK\$	Specific funds HK\$	Total HK\$	General funds HK\$	Specific funds HK\$	Total HK\$
<b>Income</b>							
Hong Kong Government subvention		407,820,205	2,029,358	409,849,563	394,630,128	2,161,428	396,791,556
Fee income	6	35,861,859	2,214,258	38,076,117	37,567,122	3,740,531	41,307,653
Allocation from The Community Chest		-	3,810,365	3,810,365	-	3,377,900	3,377,900
Allocation from The Hong Kong Jockey Club Charities Trust		46,713	16,498,139	16,544,852	377,682	15,173,934	15,551,616
Allocation from Hospital Authority		-	6,279,019	6,279,019	-	5,901,650	5,901,650
Reimbursement of rent and rates		11,639,327	24,220	11,663,547	11,879,201	34,720	11,913,921
Donations received		-	2,694,957	2,694,957	-	1,766,071	1,766,071
Flag Day income (net)	7	-	-	-	-	1,391,645	1,391,645
Lotteries Fund grant income		(178,080)	430,481	252,401	4,083,225	319,368	4,402,593
Fund raising income (net)		-	4,300,821	4,300,821	-	4,418,494	4,418,494
Interest income		1,566,903	582,759	2,149,662	3,467,299	1,029,845	4,497,144
Investment income	8	-	65,304	65,304	-	80,984	80,984
Sundry income		5,803,405	382,521	6,185,926	10,379,809	313,811	10,693,620
		<u>462,560,332</u>	<u>39,312,202</u>	<u>501,872,534</u>	<u>462,384,466</u>	<u>39,710,381</u>	<u>502,094,847</u>
<b>Expenditure</b>							
Staff costs	9	368,821,895	21,638,111	390,460,006	357,835,147	22,465,696	380,300,843
Food		26,806,156	564,729	27,370,885	26,207,950	723,975	26,931,925
Utilities		10,219,922	197,293	10,417,215	11,213,941	307,240	11,521,181
Administration		10,198,838	3,232,634	13,431,472	7,084,766	2,382,892	9,467,658
Stores and equipment		6,512,207	411,717	6,923,924	5,234,432	368,934	5,603,366
Repairs and maintenance		9,207,661	579,079	9,786,740	7,124,182	558,350	7,682,532
Transportation and travelling		1,614,560	255,112	1,869,672	1,889,822	321,054	2,210,876
Insurance		7,594,772	416,481	8,011,253	5,526,746	467,552	5,994,298
Miscellaneous		6,180,844	1,145,874	7,326,718	3,907,537	795,596	4,703,133
Depreciation of property, plant and equipment	12	-	208,393	208,393	-	172,745	172,745
Depreciation of right-of-use assets	9	5,541,795	909,560	6,451,355	5,519,879	945,679	6,465,558
Written off of property, plant and equipment	9	-	9,676	9,676	-	6,000	6,000
Staff welfare and development expenses		2,498,198	57,626	2,555,824	3,284,263	97,247	3,381,510
Programme expenses (net)		6,075,987	2,210,594	8,286,581	5,626,040	1,486,440	7,112,480
Rent and rates		5,897,467	654,923	6,552,390	6,252,462	752,290	7,004,752
Grants to applicants		-	437,226	437,226	-	105,516	105,516
Interest on lease liabilities	9	460,931	65,788	526,719	648,512	40,483	688,995
		<u>467,631,233</u>	<u>32,994,816</u>	<u>500,626,049</u>	<u>447,355,679</u>	<u>31,997,689</u>	<u>479,353,368</u>
<b>Surplus/(Deficit) for the year</b>	9	<b>(5,070,901)</b>	<b>6,317,386</b>	<b>1,246,485</b>	<b>15,028,787</b>	<b>7,712,692</b>	<b>22,741,479</b>
<b>Other comprehensive income</b>							
Item that will not be reclassified to profit or loss:							
Changes in fair value of financial assets at fair value through other comprehensive income ("FVTOCI") reserve		-	2,844,998	2,844,998	-	(1,038,506)	(1,038,506)
<b>Total comprehensive income for the year</b>		<b>(5,070,901)</b>	<b>9,162,384</b>	<b>4,091,483</b>	<b>15,028,787</b>	<b>6,674,186</b>	<b>21,702,973</b>

**THE HONG KONG SOCIETY FOR THE AGED**  
(香港耆康老人福利會)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Notes	2021 HK\$	2020 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	12	595,120	710,796
Right-of-use assets	13	8,900,307	11,858,694
Financial assets at FVTOCI	14	<u>17,161,436</u>	<u>11,259,797</u>
<b>Total non-current assets</b>		<u>26,656,863</u>	<u>23,829,287</u>
<b>Current assets</b>			
Accounts and other receivables	15	28,561,515	36,482,398
Lotteries Fund receivable	16	2,319,848	2,388,153
Trust Grant receivable		526,336	1,110,410
Amount due from Social Welfare Department ("SWD")	17	819,848	-
Bank deposits maturing over three months		122,842,565	134,186,015
Cash and cash equivalents	18	<u>157,361,327</u>	<u>142,246,202</u>
<b>Total current assets</b>		<u>312,431,439</u>	<u>316,413,178</u>
<b>Total assets</b>		<u>339,088,302</u>	<u>340,242,465</u>
<b>Current liabilities</b>			
Accounts payables and accruals		30,772,976	33,175,183
Amount due to SWD	17	-	1,830,988
Receipt in advance		6,494,958	4,345,400
Contract liabilities	20	470,926	173,627
Deferred income	21	5,837,325	4,458,636
Social Welfare Development Fund ("SWDF") surplus account	22	245,252	2,357,395
Lease liabilities	13	<u>6,987,023</u>	<u>5,986,515</u>
<b>Total current liabilities</b>		<u>50,808,460</u>	<u>52,327,744</u>
<b>Non-current liabilities</b>			
Lease liabilities	13	<u>2,386,464</u>	<u>6,112,826</u>
<b>Net current assets</b>		<u>261,622,979</u>	<u>264,085,434</u>
<b>NET ASSETS</b>		<u>285,893,378</u>	<u>281,801,895</u>
<b>Representing:</b>			
<b>General funds</b>			
Lump Sum Grant Reserve	23(a)	81,903,391	89,633,875
Provident Fund Reserve	23(b)	56,585,963	51,289,016
Lotteries Fund Block Grant Reserve	24	<u>12,225,000</u>	<u>14,862,364</u>
		<u>150,714,354</u>	<u>155,785,255</u>

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**STATEMENT OF FINANCIAL POSITION - CONTINUED**  
**AS AT 31 MARCH 2021**

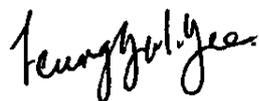
	Notes	2021 HK\$	2020 HK\$
<b>Specific funds</b>	25		
SAGE Funds for the Elderly		250,459	289,191
Quan Chuen Fund		9,622	9,622
Madam Chang Ching - I Charitable Foundation		8,997,004	8,880,345
Kwan Fong Nim Chee Home Building Fund		4,175,223	4,136,643
Madam Ho Sin Hang Home Building Fund		1,387,189	1,374,831
Tung Lin Kok Yuen - Young-at-Heart Fund		298,111	298,111
Designated Fund - Other donations		117,009,211	112,052,184
Self-financed Reserves		<u>1,072,110</u>	<u>-</u>
		<u>133,198,929</u>	<u>127,040,927</u>
 <b>Reserves</b>			
Financial assets at FVTOCI	26	<u>1,980,095</u>	<u>(1,024,287)</u>
 <b>TOTAL FUNDS</b>		<u>285,893,378</u>	<u>281,801,895</u>

On behalf of the directors



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Mak Kin Wah  
Director



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Leung York Yee  
Director

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**STATEMENT OF CHANGES IN TOTAL FUNDS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	2021 HK\$	2020 HK\$
Total funds at 1 April	281,801,895	260,098,922
Surplus for the year	1,246,485	22,741,479
Changes in fair value of financial assets at FVTOCI	<u>2,844,998</u>	<u>(1,038,506)</u>
Total funds at 31 March	<u><u>285,893,378</u></u>	<u><u>281,801,895</u></u>

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 HK\$	2020 HK\$
<b>Cash flows from operating activities</b>			
Surplus for the year		1,246,485	22,741,479
Adjustments for:			
Interest income		(2,149,662)	(4,497,144)
Dividend income		(65,304)	(80,984)
Bad debts written off		508	3,034
Depreciation of property, plant and equipment		208,393	172,745
Depreciation of right-of-use assets		6,451,355	6,465,558
Written off of property, plant and equipment, net		9,676	6,000
Interest on lease liabilities		526,719	688,995
<b>Operating surplus before working capital changes</b>		<b>6,228,170</b>	<b>25,499,683</b>
Decrease/(Increase) in accounts and other receivables		7,920,375	(17,974,106)
Decrease in Lotteries Fund receivable		68,305	927,241
Decrease in Trust Grant receivable		584,074	347,424
(Increase)/Decrease in amount due from SWD		(819,848)	473,725
(Decrease)/Increase in accounts payables and accruals		(2,402,207)	6,851,412
Increase in receipt in advance		2,149,558	3,507,759
Increase/(Decrease) in contract liabilities		297,299	(368,256)
Increase/(Decrease) in deferred income		1,378,689	(56,467)
(Decrease)/Increase in amount due to SWD		(1,830,988)	1,830,988
Decrease in SWDF surplus account		(2,112,143)	(256,101)
<b>Net cash generated from operating activities</b>		<b>11,461,284</b>	<b>20,783,302</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of financial assets at FVTOCI		381,359	-
Purchase of financial assets at FVTOCI		(3,438,000)	-
Purchase of property, plant and equipment		(35,275,712)	(25,340,457)
Proceeds from capital grants for purchase of property, plant and equipment		35,173,319	24,957,830
Interest received		2,149,662	4,497,144
Dividend received		65,304	74,242
Decrease/(Increase) in fixed deposits with maturity over three months at placement		11,343,450	(13,740,745)
<b>Net cash generated from/(used in) investing activities</b>		<b>10,399,382</b>	<b>(9,551,986)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	18(b)	(6,745,541)	(6,913,906)
<b>Net cash used in financing activities</b>		<b>(6,745,541)</b>	<b>(6,913,906)</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,115,125</b>	<b>4,317,410</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>142,246,202</b>	<b>137,928,792</b>
<b>Cash and cash equivalents at end of year</b>	18(a)	<b>157,361,327</b>	<b>142,246,202</b>

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**1. GENERAL**

The Hong Kong Society for the Aged (the "Society") was incorporated in Hong Kong on 24 August 1979 as a company limited by guarantee. Its registered office and principal place of business is at 11/F, The Hong Kong Federation of Youth Groups Building, 21 Pak Fuk Road, North Point, Hong Kong. Every member of the Society undertakes to contribute, if required, an amount not exceeding twenty Hong Kong dollars ("HK\$") to the assets of the Society in the event of its being wound up.

The Society is a charitable organisation and is engaged in promoting the welfare of the elderly in Hong Kong.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

**(b) Basis of measurement**

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

**(c) Functional and presentation currency**

The financial statements are presented in HK\$, which is the same as the functional currency of the Society.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

**(a) Adoption of amendments to HKFRSs - Effective on 1 April 2020**

Amendments to HKAS 1 and HKAS 8 HKFRSs (Amendments)	Definition of Material Conceptual Framework for Financial Reporting (Revised)
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The adoption of the above amendments did not have any material impact on the Society’s accounting policies.

**(b) New/revised HKFRSs that have been issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Society’s financial statements have been issued, but are not yet effective and have not been early adopted by the Society. The Society’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>4</sup>
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause <sup>4</sup>
Amendments to HKFRS 16	COVID-19 Related Rent Concessions <sup>1</sup>
Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>3</sup>
Annual Improvements Project	Annual Improvements to HKFRSs 2018 - 2020 <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies <sup>4</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

The Society is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Society’s financial statements.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. For property, plant and equipment that are funded by government grants, specific grants and designated donations, the relevant grants are deducted in arriving at the carrying amount of the assets, and the balance of the cost of these assets are depreciated over their estimated useful lives.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Properties	Over the remaining terms of the leases
Motor vehicles	4 years
Improvements, fixtures and fittings	5 years or over the remaining terms of the leases

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(b) Leasing**

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Society has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

**Right-of-use asset**

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Society applies the revaluation model, the Society measures the right-of-use assets applying a cost model. Under the cost model, the Society measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

**Lease liability**

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Society uses the Society's incremental borrowing rate.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(b) Leasing - Continued**

**Lease liability - Continued**

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Society measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

**(c) Financial instruments**

**(i) Financial assets**

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial instruments - Continued**

**(i) Financial assets - Continued**

*Equity instruments*

On initial recognition of an equity investment that is not held for trading, the Society could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as fair value through profit or loss, whereby changes in fair value, dividends and interest income are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**(ii) Impairment loss on financial assets**

The Society recognises loss allowances for expected credit loss ("ECLs") on accounts and other receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Society is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Society in accordance with the contract and all the cash flows that the Society expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Society has elected to measure loss allowances for accounts and other receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Society has established a provision matrix that is based on the Society's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial instruments - Continued**

**(ii) Impairment loss on financial assets - Continued**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Society considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Society's historical experience and informed credit assessment and including forward-looking information.

The Society assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Society considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Society in full, without recourse by the Society to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The Society recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Society writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Society's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial instruments - Continued**

**(iii) Financial liabilities**

The Society classifies its financial liabilities as financial liabilities at amortised cost.

Financial liabilities at amortised cost including accounts payables and accruals, amount due to SWD, receipt in advance, SWDF surplus account and lease liabilities are initially measured at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

**(ii) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

**(iii) Derecognition**

The Society derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(d) Subvention and grants from government or donations from third parties**

Government subventions and grants from the Lotteries Fund are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Society will comply with the conditions attaching to them.

Subventions or grants that compensate the Society for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Subvention or grants that compensate the Society for the cost of a depreciable asset are recognised as income over the useful life of the asset by way of a reduced depreciation charge.

Donations for general purposes are recorded as income when the right to receive payment is established.

Surpluses from fund raising functions are recognised when the functions are held.

**(e) Revenue recognition**

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Society expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Society's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Society performs; or
- does not create an asset with an alternative use to the Society and the Society has an enforceable right to payment for performance completed to date.

**THE HONG KONG SOCIETY FOR THE AGED**  
**(香港耆康老人福利會)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(e) Revenue recognition - Continued**

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Service income from home services and day care services are recognised over time as services are provided.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

**(f) Contract liabilities**

A contract liabilities represents the Society's obligation to transfer services to a user for which the Society has received consideration (or an amount of consideration is due) from the user.

**(g) Foreign currency**

Transactions entered into by the Society in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

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**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(h) Employee benefits**

**Short term employee benefits**

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

**Defined contribution retirement schemes**

The Society contributes to a defined contribution retirement scheme under the Occupational Retirement Schemes Ordinance (“ORSO Scheme”) and a Mandatory Provident Fund Scheme (“MPF Scheme”) in Hong Kong, the assets of which are held in separate trustee-administered funds. The Schemes are funded by payments from employees and by the Society. The Society’s contributions to the Schemes are based on a fixed percentage of the employees’ relevant salaries or income.

The Society’s contributions to both Schemes are expensed as incurred. The Society’s contribution to the ORSO Scheme is reduced by contributions forfeited in respect of those employees who leave the ORSO Scheme prior to vesting fully in the contributions.

Contributions to defined contribution retirement plans are recognised in profit or loss when the services are rendered by the employees.

**Paid annual leave**

Paid annual leave is 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.

**Long service payment**

The Society’s employees have to complete a required number of years of service to the Society in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Society is liable to make such payments in the event that such termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Society at the end of the reporting period.

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**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(i) Impairment of assets (other than financial assets)**

At the end of the reporting period, the Society reviews the carrying amounts of property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

**(j) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Society has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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, the existence of which 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.

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**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Society's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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 in the revision affects both current and future periods.

**Accrual for long service payment**

Under the Hong Kong Employment Ordinance, the Society is obliged to make lump sum payments on cessation of employment in certain circumstances to employees who have completed at least five years of service with the Society. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Society's retirement schemes that are attributable to contributions made by the Society. Management of the Society estimated and accrued for the amount of long service payment that may be required at the end of each reporting period.

**6. FEE INCOME**

	2021			2020		
	General funds HK\$	Specific funds HK\$	Total HK\$	General funds HK\$	Specific funds HK\$	Total HK\$
Income from homes	29,393,565	-	29,393,565	30,079,636	-	30,079,636
Home help service income/income from meals served	5,324,750	747,662	6,072,412	5,282,151	933,755	6,215,906
Membership fees	237,972	-	237,972	428,680	-	428,680
Day care service fees	905,572	1,041,594	1,947,166	1,776,655	2,362,435	4,139,090
Tuition income	-	425,002	425,002	-	444,341	444,341
	<u>35,861,859</u>	<u>2,214,258</u>	<u>38,076,117</u>	<u>37,567,122</u>	<u>3,740,531</u>	<u>41,307,653</u>

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**7. FLAG DAY INCOME (NET)**

No flag day fund raising event was held by the Society during the year ended 31 March 2021.

During the year ended 31 March 2020, a flag day fund raising event was held on 3 August 2019 under Public Subscription Permit No. FD/T026/2019 issued by SWD.

	2021 HK\$	2020 HK\$
Donations received:		
Street collections	-	1,060,487
Golden flags	-	352,306
Donation	-	61,550
	<u>-</u>	<u>1,474,343</u>
Total campaign expenses for this event	-	(82,698)
Flag day income	<u>-</u>	<u>1,391,645</u>

The purposes of the flag day fund raising events were to raise funds for additional staffing cost required (professional and non-professional) and operating costs (including minor equipment) for promoting organisation's rehabilitation, primary health care, cognitive, social and recreational services. The net proceeds from the flag day fund raising event remained unused.

**8. INVESTMENT INCOME**

	2021 HK\$	2020 HK\$
Dividend income from listed securities	<u>65,304</u>	<u>80,984</u>

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**9. SURPLUS/(DEFICIT) FOR THE YEAR**

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

	2021			2020		
	General funds HK\$	Specific funds HK\$	Total HK\$	General funds HK\$	Specific funds HK\$	Total HK\$
<b>Staff costs</b>						
Salaries and wages	346,330,067	20,449,844	366,779,911	330,079,268	20,820,075	350,899,343
Contributions to defined contribution plans	21,828,594	1,185,096	23,013,690	26,530,057	1,588,528	28,118,585
Provision for unutilised annual leave	663,234	3,171	666,405	1,225,822	57,093	1,282,915
	<u>368,821,895</u>	<u>21,638,111</u>	<u>390,460,006</u>	<u>357,835,147</u>	<u>22,465,696</u>	<u>380,300,843</u>
<b>Other items</b>						
Auditor's remuneration			283,300			290,560
Bad debts written off			508			3,034
Depreciation of property, plant and equipment			208,393			172,745
Depreciation of right-of-use assets			6,451,355			6,465,558
Written off of property, plant and equipment, net			9,676			6,000
Interest on lease liabilities			526,719			688,995
Short term leases			<u>2,856,329</u>			<u>2,554,977</u>

**10. INCOME TAX EXPENSE**

The Society is exempt under Section 88 of the Hong Kong Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

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**11. DIRECTORS' EMOLUMENTS**

No directors receive any emoluments during the year ended 31 March 2021 (2020: Nil).

**12. PROPERTY, PLANT AND EQUIPMENT**

	2021			Total HK\$
	Properties HK\$ Note	Motor vehicles HK\$	Improvements, fixtures and fittings HK\$	
<b>Cost</b>				
At 1 April 2020	84,975,190	22,651,626	236,927,496	344,554,312
Additions	-	6,880	35,268,832	35,275,712
Written off	-	-	(6,517,251)	(6,517,251)
At 31 March 2021	<u>84,975,190</u>	<u>22,658,506</u>	<u>265,679,077</u>	<u>373,312,773</u>
<b>Less:</b>				
Donations/grants from funds and charities				
At 1 April 2020	84,675,190	22,633,866	232,907,504	340,216,560
Received and receivable during the year	-	6,880	35,166,439	35,173,319
Written off	-	-	(6,193,024)	(6,193,024)
At 31 March 2021	<u>84,675,190</u>	<u>22,640,746</u>	<u>261,880,919</u>	<u>369,196,855</u>
<b>Net cost</b>	<u>300,000</u>	<u>17,760</u>	<u>3,798,158</u>	<u>4,115,918</u>
<b>Accumulated depreciation</b>				
At 1 April 2020	203,700	12,401	3,410,855	3,626,956
Charge for the year	6,000	3,502	198,891	208,393
Written off	-	-	(314,551)	(314,551)
At 31 March 2021	<u>209,700</u>	<u>15,903</u>	<u>3,295,195</u>	<u>3,520,798</u>
<b>Net book value</b>				
At 31 March 2021	<u>90,300</u>	<u>1,857</u>	<u>502,963</u>	<u>595,120</u>

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**12. PROPERTY, PLANT AND EQUIPMENT - Continued**

	2020			Total HK\$
	Properties HK\$ Note	Motor vehicles HK\$	Improvement, fixtures and fittings HK\$	
<b>Cost</b>				
At 1 April 2019	84,975,190	22,680,921	221,794,088	329,450,199
Additions	-	1,125,051	24,215,406	25,340,457
Written off	-	(1,154,346)	(9,081,998)	(10,236,344)
<b>At 31 March 2020</b>	<b>84,975,190</b>	<b>22,651,626</b>	<b>236,927,496</b>	<b>344,554,312</b>
<b>Less:</b>				
Donations/grants from funds and charities				
At 1 April 2019	84,675,190	22,283,853	217,528,276	324,487,319
Received and receivable during the year	-	1,125,051	23,832,779	24,957,830
Written off	-	(775,038)	(8,453,551)	(9,228,589)
<b>At 31 March 2020</b>	<b>84,675,190</b>	<b>22,633,866</b>	<b>232,907,504</b>	<b>340,216,560</b>
<b>Net cost</b>	<b>300,000</b>	<b>17,760</b>	<b>4,019,992</b>	<b>4,337,752</b>
<b>Accumulated depreciation</b>				
At 1 April 2019	197,700	388,157	3,870,109	4,455,966
Charge for the year	6,000	3,552	163,193	172,745
Written off	-	(379,308)	(622,447)	(1,001,755)
<b>At 31 March 2020</b>	<b>203,700</b>	<b>12,401</b>	<b>3,410,855</b>	<b>3,626,956</b>
<b>Net book value</b>				
At 31 March 2020	<b>96,300</b>	<b>5,359</b>	<b>609,137</b>	<b>710,796</b>

Note: The land on which the properties are situated, being the homes at Aberdeen, Shatin and Pokfulam, were granted by the Government of the Hong Kong Special Administrative Region at no cost. The net cost of properties of HK\$300,000 represented the net cost of buildings.

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**13. LEASES**

**RIGHT-OF-USE ASSETS**

The Society leases a number of properties and office equipment for its operations. These leases comprises only fixed payments over the lease terms.

Movement of right-of-use assets during the year:

	Properties leased under tenancy agreements HK\$	Office equipment HK\$	Total HK\$
At 1 April 2019	17,420,713	-	17,420,713
Additions	-	1,009,193	1,009,193
Depreciation	(6,244,350)	(221,208)	(6,465,558)
Lease modification	(105,654)	-	(105,654)
<b>At 31 March 2020 and 1 April 2020</b>	<b>11,070,709</b>	<b>787,985</b>	<b>11,858,694</b>
Additions	3,171,380	321,588	3,492,968
Depreciation	(6,181,611)	(269,744)	(6,451,355)
<b>At 31 March 2021</b>	<b>8,060,478</b>	<b>839,829</b>	<b>8,900,307</b>

**LEASE LIABILITIES**

Movement of lease liabilities during the year:

	2021 HK\$	2020 HK\$
At beginning of the year	12,099,341	17,420,713
Additions	3,492,968	1,009,193
Interest expenses	526,719	688,995
Lease modification	-	(105,654)
Repayments	(6,745,541)	(6,913,906)
<b>At end of the year</b>	<b>9,373,487</b>	<b>12,099,341</b>

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**13. LEASE - Continued**

**LEASE LIABILITIES - Continued**

The present value of future lease payments are analysed as:

	2021 HK\$	2020 HK\$
Current liabilities	6,987,023	5,986,515
Non-current liabilities	<u>2,386,464</u>	<u>6,112,826</u>
	<u>9,373,487</u>	<u>12,099,341</u>

Future lease payments are due as follows:

	2021		
	Minimum lease payments HK\$	Interest HK\$	Present value HK\$
Not later than one year	7,299,864	312,841	6,987,023
Later than one year and not later than two years	1,798,753	79,598	1,719,155
Later than two years and not later than five years	<u>689,101</u>	<u>21,792</u>	<u>667,309</u>
	<u>9,787,718</u>	<u>414,231</u>	<u>9,373,487</u>
	2020		
	Minimum lease payments HK\$	Interest HK\$	Present value HK\$
Not later than one year	6,454,507	467,992	5,986,515
Later than one year and not later than two years	5,925,296	174,832	5,750,464
Later than two years and not later than five years	<u>381,419</u>	<u>19,057</u>	<u>362,362</u>
	<u>12,761,222</u>	<u>661,881</u>	<u>12,099,341</u>

**14. FINANCIAL ASSETS AT FVTOCI**

	2021 HK\$	2020 HK\$
Financial assets at FVTOCI, at fair value		
- Equity investments listed in Hong Kong	1,169,775	1,571,400
- Investment in equity funds	<u>15,991,661</u>	<u>9,688,397</u>
	<u>17,161,436</u>	<u>11,259,797</u>

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**15. ACCOUNTS AND OTHER RECEIVABLES**

	2021 HK\$	2020 HK\$
Accounts receivables (note a)	36,905	79,155
Deposits for acquisition of property, plant and equipment covered by subvention	2,031,633	8,887,255
Prepayments, other deposits and other receivable	<u>26,492,977</u>	<u>27,515,988</u>
	<u>28,561,515</u>	<u>36,482,398</u>

The aging analysis of accounts receivables at the end of the reporting period is as follows:

	2021 HK\$	2020 HK\$
Less than 30 days past due	25,362	40,275
31 to 60 days past due	2,522	6,460
61 to 90 days past due	1,224	22,563
More than 90 days past due	<u>7,797</u>	<u>9,857</u>
	<u>36,905</u>	<u>79,155</u>

Other classes within accounts receivables do not contain impaired assets.

**16. LOTTERIES FUND RECEIVABLE**

	2021 HK\$	2020 HK\$
At 1 April	<u>2,388,153</u>	<u>3,315,394</u>
<u>Add:</u> Capital grants for furniture, fixtures and equipment approved	6,277,286	13,284,931
Supplies grants approved	<u>167,046</u>	<u>39,877</u>
	<u>6,444,332</u>	<u>13,324,808</u>
<u>Less:</u> Capital grants received	(6,487,551)	(14,234,045)
Supplies grants received	<u>(25,086)</u>	<u>(18,004)</u>
	<u>(6,512,637)</u>	<u>(14,252,049)</u>
At 31 March	<u>2,319,848</u>	<u>2,388,153</u>

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**17. AMOUNT DUE (FROM)/TO SWD**

	2021 HK\$	2020 HK\$
Due to/(from) SWD at 1 April	<u>1,830,988</u>	<u>(473,725)</u>
<u>Add:</u>		
Grants received for rent and rates for the year	10,466,343	10,407,150
Grants received for central items for the year	<u>27,458,926</u>	<u>28,914,765</u>
	<u>37,925,269</u>	<u>39,321,915</u>
<u>Less:</u>		
Rent and rates charged to statement of profit or loss comprehensive income	(11,639,327)	(11,879,201)
Central items charged to statement of profit or loss and other comprehensive income	<u>(27,927,607)</u>	<u>(26,433,543)</u>
	<u>(39,566,934)</u>	<u>(38,312,744)</u>
	<u>(1,641,665)</u>	<u>1,009,171</u>
Refunded to SWD	(2,613,362)	(154,828)
Rent and Rates Grant Recovery for previous year	<u>1,604,191</u>	<u>1,450,370</u>
Due to/(from) SWD at 31 March	<u>(819,848)</u>	<u>1,830,988</u>

**18. NOTES SUPPORTING STATEMENT OF CASH FLOWS**

**(a) Cash and cash equivalents comprise:**

	2021 HK\$	2020 HK\$
Cash available on demand	52,948,258	60,472,044
Time deposits with original maturity within 3 months	<u>104,413,069</u>	<u>81,774,158</u>
Cash and cash equivalents	<u>157,361,327</u>	<u>142,246,202</u>

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**18. NOTES SUPPORTING STATEMENT OF CASH FLOWS - Continued**

**(b) Reconciliation of liabilities arising from financing activities:**

	<b>Lease liabilities HK\$</b>
At 1 April 2019	17,420,713
<i>Changes from financing cash flows:</i>	
Lease payments	(6,931,906)
<i>Other changes:</i>	
Interest expense	688,995
Additions	1,009,193
Lease modifications	<u>(105,654)</u>
At 31 March 2020 and 1 April 2020	12,099,341
<i>Changes from financing cash flows:</i>	
Lease payments	(6,745,541)
<i>Other changes:</i>	
Interest expense	526,719
Additions	<u>3,492,968</u>
At 31 March 2021	<u>9,373,487</u>

**19. USE OF WI-FI PROJECT FROM THE SWD FUNDED BY LOTTERIES FUND**

**Grant Code: 35141-837-4510-0000**

	<b>2021 HK\$</b>	<b>2020 HK\$</b>
At 1 April	<u>1,748,050</u>	<u>-</u>
Add: Grant received for the year	1,017,200	1,749,300
Less: Expenditure during the year		
Other Expenditure:		
(i) Technical set-up and installation cost	(813,646)	(1,250)
(ii) Operating expenses	<u>(182,719)</u>	<u>-</u>
Surplus for the year	<u>20,835</u>	<u>1,748,050</u>
At 31 March	<u>1,768,885</u>	<u>1,748,050</u>

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**20. CONTRACT LIABILITIES**

The Society has recognised the following revenue-related contract liabilities:

	2021 HK\$	2020 HK\$
Contract liabilities	<u>470,926</u>	<u>173,627</u>

Movements in contract liabilities:

	2021 HK\$	2020 HK\$
At 1 April	173,627	541,883
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(173,627)	(541,883)
Increase in contract liabilities as a result of advanced consideration received	<u>470,926</u>	<u>173,627</u>
At 31 March	<u>470,926</u>	<u>173,627</u>

**21. DEFERRED INCOME**

	2021 HK\$	2020 HK\$
At 1 April	4,458,636	4,515,103
Grants received during the year	8,718,949	7,888,889
Amount released to statement of profit or loss and other comprehensive income	<u>(7,340,260)</u>	<u>(7,945,356)</u>
At 31 March	<u>5,837,325</u>	<u>4,458,636</u>

Deferred income represents grants from third parties that compensate the Society for expenses incurred for specific purposes. Such deferred income is recognised as income in the statement of profit or loss and other comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

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**22. SWDF SURPLUS ACCOUNT**

	2021			2020		
	Phase II HK\$	Phase III HK\$	Total HK\$	Phase II HK\$	Phase III HK\$	Total HK\$
At 1 April	76,132	2,281,263	2,357,395	63,940	2,549,556	2,613,496
<b>Add:</b>						
Allocation from SWDF during the year	-	264,200	264,200	-	2,106,061	2,106,061
Interest received during the year	-	42,973	42,973	12,192	95,797	107,989
	-	307,173	307,173	12,192	2,201,858	2,214,050
<b>Less:</b>						
Expenditure for training and professional development programmes	-	(543,356)	(543,356)	-	(2,149,245)	(2,149,245)
Expenditure for business system upgrading projects	-	(1,793,321)	(1,793,321)	-	(131,737)	(131,737)
Expenditure for studies aiming at enhancing services delivery	-	-	-	-	(44,000)	(44,000)
Expenditure for administrative support	-	(6,507)	(6,507)	-	(145,169)	(145,169)
(Deficit)/Surplus for the year	-	(2,036,011)	(2,036,011)	12,192	(268,293)	(256,101)
Less: clawback	(76,132)	-	(76,132)	-	-	-
At 31 March	-	245,252	245,252	76,132	2,281,263	2,357,395

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**23. LUMP SUM GRANT RESERVE AND PROVIDENT FUND RESERVE**

**(a) Lump Sum Grant Reserve**

	2021 HK\$	2020 HK\$
At 1 April	89,633,875	80,247,659
(Deficit)/surplus for the year	(7,730,484)	8,777,440
Transfer from designed fund (Note)	<u>-</u>	<u>608,776</u>
At 31 March	<u>81,903,391</u>	<u>89,633,875</u>

Note : Storage charge included in administrative expense from 2012-13 to 2018-19 charged to lump sum grant reserve which should be borne by designated fund.

Lump sum grant reserve is the surplus of recurrent subventions from SWD after deduction of operating expenditure (excluding Provident Fund expenditure) in relation to the Funding and Service Agreement ("FSA") or FSA related activities.

**(b) Provident Fund Reserve**

	2021 HK\$	2020 HK\$
At 1 April	51,289,016	48,322,001
Surplus for the year	5,582,626	3,428,906
Net amount of surplus in provident fund for previous year returned to Government	<u>(285,679)</u>	<u>(461,891)</u>
At 31 March	<u>56,585,963</u>	<u>51,289,016</u>

Provident fund reserve is the surplus of recurrent subventions from SWD after deduction of provident fund expenditure in relation to the FSA or FSA related activities.

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**24. LOTTERIES FUND BLOCK GRANT RESERVE**

**Furniture and Equipment Replenishment and Minor Works Block Grant**

	2021 HK\$	2020 HK\$
At 1 April	<u>14,862,364</u>	<u>11,578,032</u>
<b>Add:</b>		
Block Grant received during the year	6,113,000	5,644,000
Interest income received	<u>175,442</u>	<u>298,707</u>
	<u>6,288,442</u>	<u>5,942,707</u>
<b>Less:</b>		
Expenditure during the year		
Lotteries Fund Block Grant used for		
- Minor works projects	(482,760)	(143,392)
- Furniture and equipment including vehicle overhauling	<u>(8,443,046)</u>	<u>(2,514,983)</u>
	<u>(8,925,806)</u>	<u>(2,658,375)</u>
Net (deficit)/surplus for the year	<u>(2,637,364)</u>	<u>3,284,332</u>
At 31 March	<u>12,225,000</u>	<u>14,862,364</u>

As at 31 March 2021 and 2020, the Society had no outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Block Grant.

Lotteries fund block grants are primarily used to finance the capital expenditure of welfare projects and provide one-off grants to experimental projects with limited duration.

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**25. SPECIFIC FUNDS**

2021

Notes	SAGE Funds for the Elderly (note a) HK\$	Quan Chuen Fund (note b) HK\$	Madam Chang Ching - I Charitable Foundation (note c) HK\$	Kwan Fong Nim Chee Home Building Fund (note d) HK\$	Madam Ho Sin Hang Home Building Fund (note e) HK\$	Tung Lin Kok Yuen Young-at-Heart Fund (note f) HK\$	Self finance fund (note g) HK\$	Designated Fund (note h) HK\$	Total HK\$
At 1 April 2020	289,191	9,622	8,880,345	4,136,643	1,374,831	298,111	-	112,052,184	127,040,927
Income									
Hong Kong Government subvention	-	-	-	-	-	-	-	2,029,358	2,029,358
Fee income	-	-	-	-	-	-	-	2,214,258	2,214,258
Allocation from The Community Chest	-	-	-	-	-	-	-	3,810,365	3,810,365
Allocation from The Hong Kong Jockey Club Charities Trust	-	-	-	-	-	-	-	16,498,139	16,498,139
Allocation from Hospital Authority	-	-	-	-	-	-	-	6,279,019	6,279,019
Reimbursement of rent and rates	-	-	-	-	-	-	-	24,220	24,220
Donations received	2,000	-	11,800	-	-	-	-	2,681,157	2,694,957
Lotteries Fund grant income	-	-	-	-	-	-	-	430,481	430,481
Fund raising income (net)	-	-	-	-	-	-	-	4,300,821	4,300,821
Interest income	2	-	116,659	38,580	12,358	-	16,081	398,079	582,759
Investment income	-	-	-	-	-	-	-	65,304	65,304
Sundry income	-	-	-	-	-	-	-	382,521	382,521
	2,002	-	128,459	38,580	12,358	-	16,081	39,114,722	39,312,202
Expenditure									
Staff costs	-	-	-	-	-	-	-	21,638,111	21,638,111
Food	-	-	-	-	-	-	-	564,729	564,729
Utilities	-	-	-	-	-	-	-	197,293	197,293
Administration	-	-	1,059	-	-	-	-	3,231,575	3,232,634
Store and equipment	-	-	10,741	-	-	-	-	400,976	411,717
Repairs and maintenance	-	-	-	-	-	-	-	579,079	579,079
Transportation and travelling	-	-	-	-	-	-	-	255,112	255,112
Insurance	-	-	-	-	-	-	-	416,481	416,481
Miscellaneous	-	-	-	-	-	-	-	1,145,874	1,145,874
Depreciation of property, plant and equipment	-	-	-	-	-	-	-	208,393	208,393
Depreciation of right-of-use assets	-	-	-	-	-	-	-	909,560	909,560
Written off of property, plant and equipment	-	-	-	-	-	-	-	9,676	9,676
Staff welfare and development expenses	-	-	-	-	-	-	-	57,626	57,626
Programme expenses (net)	-	-	-	-	-	-	-	2,210,594	2,210,594
Rent and rates	-	-	-	-	-	-	-	654,923	654,923
Grants to applicants	40,734	-	-	-	-	-	-	396,492	437,226
Interest on lease liabilities	-	-	-	-	-	-	-	65,788	65,788
	40,734	-	11,800	-	-	-	-	32,942,282	32,994,816
Surplus/(Deficit) for the year	(38,732)	-	116,659	38,580	12,358	-	16,081	6,172,440	6,317,386
Transfer	-	-	-	-	-	-	-	(1,056,029)	-
Transfer from financial assets at FVTOCI reserve upon disposal (Note 26)	-	-	-	-	-	-	-	(159,384)	(159,384)
At 31 March 2021	250,459	9,622	8,997,004	4,175,223	1,387,189	298,111	1,072,110	117,009,211	133,198,929

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**25. SPECIFIC FUNDS - Continued**

	2020								
	At 1 April 2019	SAGE Funds for the Elderly (note a) HK\$	Quan Chuen Fund (note b) HK\$	Madam Chang Ching - I Charitable Foundation (note c) HK\$	Kwan Fong Nim Chee Home Building Fund (note d) HK\$	Madam Ho Sin Hang Home Building Fund (note e) HK\$	Tung Lin Rok Yuen Young-at-Heart Fund (note f) HK\$	Designated Fund (note h) HK\$	Total HK\$
Income									
Hong Kong Government subvention									
Fee income									
Allocation from The Community Chest									
Allocation from The Hong Kong Jockey Club Charities Trust									
Allocation from Hospital Authority									
Reimbursement of rent and rates									
Donations received		1,000							
Flag Day Income (net)									
Lotteries Fund grant income									
Fund raising income (net)		357	10	168,065	83,245	27,047			
Investment income									
Sundry income									
		1,357	10	168,065	83,245	27,047		39,430,637	39,710,381
Expenditure									
Staff costs									
Food									
Utilities									
Administration									
Store and equipment									
Repairs and maintenance									
Transportation and travelling									
Insurance									
Miscellaneous									
Depreciation of property, plant and equipment									
Depreciation of right-of-use assets									
Written off of property, plant, and equipment									
Staff welfare and development expenses									
Programme expenses (net)									
Rent and rates									
Grants to applicants		49,449							
Interest on lease liabilities									
		49,449						31,948,240	31,997,689
Surplus/(Deficit) for the year		(48,092)	10	168,065	83,245	27,047		7,482,417	7,712,692
Transfer to lump sum grant reserve (Note 23a)								(608,776)	(608,776)
		289,191	9,622	8,880,345	4,136,643	1,374,831	298,111	112,052,184	127,040,927
At 31 March 2020									

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**25. SPECIFIC FUNDS - Continued**

Notes:

- (a) The Funds were set up to provide direct temporary assistance to needy elderly people in special circumstances for which help from other sources may not be readily available or applicable.
- (b) The Fund was set up to subsidise the running costs of the Quan Chuen Home.
- (c) The Fund was set up to finance projects which are not yet supported by government subventions and to improve the Society's services for the elderly.
- (d) The Fund was set up to finance the building of a care and attention home in Shatin and to improve the services of the home.
- (e) The Fund was set up to finance the building of a care and attention home in Pokfulam and to improve the services of the home.
- (f) The Fund was donated by Tung Lin Kok Yuen to provide home services for the elderly.
- (g) The Fund was set up to finance self-financing services operating on the homes under Private Treaty Grant.
- (h) The Designated Fund was used for non-subvented projects.

**26. RESERVES**

Financial assets at FVTOCI reserve

	2021 HK\$	2020 HK\$
At 1 April	(1,024,287)	14,219
Changes in fair value of financial assets at FVTOCI	2,844,998	(1,038,506)
Transfer to specific fund upon disposal	159,384	-
At 31 March	<u>1,980,095</u>	<u>(1,024,287)</u>

**27. CAPITAL COMMITMENTS**

Commitments for the acquisition of property, plant and equipment:

	2021 HK\$	2020 HK\$
Contracted for but not provided	<u>11,974,816</u>	<u>19,350,876</u>

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**28. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY**

The following table shows the carrying amount and fair value of financial assets and liabilities:

	2021		2020	
	Carrying amount HK\$	Fair value HK\$	Carrying amount HK\$	Fair value HK\$
<b>Financial assets measured at amortised cost</b>				
Accounts and other receivables	27,024,804	27,024,804	35,417,877	35,417,877
Lotteries Fund receivable	2,319,848	2,319,848	2,388,153	2,388,153
Trust Grant receivable	526,336	526,336	1,110,410	1,110,410
Amount due from SWD	819,848	819,848	-	-
Bank deposits maturing over three months	122,842,565	122,842,565	136,186,015	136,186,015
Cash and cash equivalents	157,361,327	157,361,327	142,246,202	142,246,202
	<u>310,894,728</u>	<u>310,894,728</u>	<u>317,348,657</u>	<u>317,348,657</u>
<b>Financial assets at FVTOCI</b>	<u>17,161,436</u>	<u>17,161,436</u>	<u>11,259,797</u>	<u>11,259,797</u>
<b>Financial liabilities measured at amortised cost</b>				
Accounts payables and accruals	30,772,976	30,772,976	33,175,183	33,175,183
Amount due to SWD	-	-	1,830,988	1,830,988
Receipt in advance	6,494,958	6,494,958	4,345,400	4,345,400
SWDF surplus account	245,252	245,252	2,357,395	2,357,395
Lease liabilities	9,373,487	9,373,487	12,099,341	12,099,341
	<u>46,886,673</u>	<u>46,886,673</u>	<u>53,808,307</u>	<u>53,808,307</u>

**(a) Financial instruments not measured at fair value**

Financial instruments not measured at fair value include accounts and other receivables, lotteries fund receivable, trust grant receivable, amount due from SWD, bank deposits maturing over three months, cash and cash equivalents, accounts payables and accruals, amount due to SWD, receipt in advance, SWDF surplus account and lease liabilities.

Due to their short term nature, the carrying value of these financial instruments approximate their fair values.

**(b) Financial instruments measured at fair value**

The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

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**28. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY - Continued**

**(b) Financial instruments measured at fair value - Continued**

**Information about level 2 fair value measurements**

The Society invested in equity funds. The funds are fund of funds investing in quoted equities and fixed interest securities, government bonds and cash deposits. The fair value of the investment in equity funds is quoted by the investment fund manager based on the net asset value of the funds.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>At 31 March 2021</b>				
<b>Financial assets at FVTOCI</b>				
- Equity investments listed in Hong Kong	1,169,775	-	-	1,169,775
- Investment in equity funds	<u>-</u>	<u>15,991,661</u>	<u>-</u>	<u>15,991,661</u>
	<u>1,169,775</u>	<u>15,991,661</u>	<u>-</u>	<u>17,161,436</u>
<b>At 31 March 2020</b>				
<b>Financial assets at FVTOCI</b>				
- Equity investments listed in Hong Kong	1,571,400	-	-	1,571,400
- Investment in equity funds	<u>-</u>	<u>9,688,397</u>	<u>-</u>	<u>9,688,397</u>
	<u>1,571,400</u>	<u>9,688,397</u>	<u>-</u>	<u>11,259,797</u>

There were no transfers between levels during the years ended 31 March 2021 and 2020.

There were no changes in valuation techniques during the years ended 31 March 2021 and 2020.

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**29. FINANCIAL RISK MANAGEMENT**

The main risks arising from the Society's financial instruments in the normal course of the Society's operations are credit risk, interest rate risk, equity price risk and liquidity risk.

These risks are limited by the Society's financial management policies and practices described below.

**(a) Credit risk**

The Society is exposed to credit risk since a counterparty may not be able or willing to perform its contractual obligations in full when due. It arises mainly from the Society's cash and deposit placements with various financial institutions and payments made by the Society to be reimbursable from donors on approved projects.

The objective of the Society's measures to manage credit risk is to control potential exposure to recoverability problem. The Society's cash and cash equivalents are held in major reputable financial institutions in Hong Kong, which the Society believes are of high credit quality. The Society's also considered that the donors are of high credit quality. For other financial assets, the Society's considered that the exposures to recoverability is not significant.

At 31 March 2021 and 2020, all of the Society's financial assets were exposed to credit risk. The maximum exposure to credit risk at the end of the reporting period is the carrying value of each financial asset in the statement of financial position.

The Society has no significant concentrations of credit risk. It has policies in place to ensure that service are made to customers with an appropriate credit history.

**(b) Interest rate risk**

The Society is subject to interest rate risk since revenue is generated from bank deposits at fixed or floating interest rates.

*Interest rate profile*

The following table details the interest rates profile that management used to evaluate the interest rate risk:

	2021		2020	
	Effective interest rate %	HK\$	Effective interest rate %	HK\$
Financial assets				
Floating rate financial assets	<u>0.01%</u>	<u>52,852,518</u>	<u>0.01%</u>	<u>60,379,491</u>

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**29. FINANCIAL RISK MANAGEMENT - Continued**

**(b) Interest rate risk - Continued**

*Sensitivity analysis*

Sensitivity analysis has been performed assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the financial assets in existence at that date. The 50 basis points increase or decrease with all other variables held constant represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The minimum interest is assumed at zero. The analysis is performed on the same basis for 2020.

	Impact on surplus	
	2021 HK\$	2020 HK\$
Increase by 50 basis points	264,000	302,000
Decrease by 50 basis points but not lower than zero interest rate	(5,000)	(6,000)

**(c) Equity price risk**

The Society invests its surplus cash in high quality listed equity instruments and investment in equity funds. The Society is exposed to equity price risk arising from financial assets at FVTOCI.

The Society's listed equity investments and investment in equity funds have been chosen based on their long term growth potential and are monitored regularly for performance by the directors. By diversifying the investment portfolio to optimise the risk and return, management believes that the exposure to equity price risk is acceptable in the Society's circumstances.

*Sensitivity analysis*

A sensitivity analysis on equity price has been performed on the Society's investment portfolio, whose fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's price. If the prices of the respective equity instruments had been 21% (2020: 7%) higher or lower, the financial assets at FVTOCI reserve would increase or decrease by HK\$3,604,000 (2020: HK\$788,000).

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**29. FINANCIAL RISK MANAGEMENT - Continued**

**(d) Liquidity risk**

The Society regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table show the remaining contractual maturities at the end of the reporting period of the Society's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Society can be required to pay.

**At 31 March 2021**

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year less than 2 years HK\$	More than 2 years less than 5 years HK\$
Accounts payables and accruals	30,772,976	30,772,976	30,772,976	-	-
Receipt in advance	6,494,958	6,494,958	6,494,958	-	-
SWDF surplus account	245,252	245,252	245,252	-	-
Lease liabilities	<u>9,373,487</u>	<u>9,787,718</u>	<u>7,299,864</u>	<u>1,798,753</u>	<u>689,101</u>
	<u>46,886,671</u>	<u>47,300,904</u>	<u>44,813,050</u>	<u>1,798,753</u>	<u>689,101</u>

**At 31 March 2020**

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year less than 2 years HK\$	More than 2 years less than 5 years HK\$
Accounts payables and accruals	33,175,183	33,175,183	33,175,183	-	-
Amount due to SWD	1,830,998	1,830,998	1,830,998	-	-
SWDF surplus account	2,357,395	2,357,395	2,357,395	-	-
Receipt in advance	4,345,400	4,345,400	4,345,400	-	-
Lease liabilities	<u>12,099,341</u>	<u>12,761,222</u>	<u>6,454,507</u>	<u>5,925,296</u>	<u>381,419</u>
	<u>53,808,317</u>	<u>54,470,198</u>	<u>48,163,483</u>	<u>5,925,296</u>	<u>381,419</u>

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**30. CAPITAL RISK MANAGEMENT**

The directors regard the total funds as capital of the Society. The total funds consist of reserves and funds of the Society, comprising Lump Sum Grant Reserve and Provident Fund Reserve (note 23), Lotteries Fund Block Grant Reserve (note 24), Specific Funds (note 25) and financial assets at FVTOCI reserve (note 26).

The Society's objective of managing capital is to safeguard the Society's ability to continue as a going concern in order to provide benefits for all stakeholders. The directors regularly review and manage the capital to ensure adequacy for the Society's operational efficiency.

**31. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the directors on 27 September 2021.