

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**YEAR ENDED 31ST DECEMBER, 2020**

**REPORTS  
AND  
FINANCIAL STATEMENTS**

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**LUI & MAK CPA LIMITED**

呂榮光 麥錦棠 陳杰宏  
會計師事務所有限公司



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# **THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

## **DIRECTORS' REPORT**

The Directors have pleasure in submitting their annual report with the audited financial statements for the year ended 31st December, 2020.

### **PRINCIPAL ACTIVITIES**

The principal activities of The Hong Kong Bodhi Siksa Society, Limited ("the Society") were engaged in the promotion and support of faith of the Buddhist religion during the year. There was no significant change in these activities during the year.

### **RESULTS AND APPROPRIATIONS**

The results of the Society for the year ended 31st December, 2020 and the state of affairs of the Society at that date are set out in the financial statements on pages 7 to 39.

### **BUSINESS REVIEW**

香港菩提學會(「本會」)道場位於香港銅鑼灣摩頓台二十一號灣景樓C座四樓，由永惺老和尚於1965年創辦，並註冊為非牟利慈善機構。以佛陀慈悲喜捨之利他精神為宗旨，致力弘揚淨土思想，推動人間佛教理念之落實。香港西方寺、菩提安老院及菩提幼稚園為本會會屬機構。菩提安老院為一所護理安老院，為長者提供優質及持續護理照顧服務；菩提幼稚園提供優質幼稚園教育服務，悉心關顧兒童的學習及成長需要；西方寺為一所座落於香港新界荃灣老圍三疊潭的佛教道場，致力弘揚佛教。

截止2020年12月31日止，本會收到捐款港幣6,343萬元(2019年：港幣5,819萬元)，而捐款主要由法會收入及信眾捐獻。由於新型冠狀病毒(COVID-19)爆發，本會遵從衛生處防疫指引並取消部份活動，導致當年捐款收入及盈餘減少。隨著香港政府放寬防疫措施，本年捐款收入及盈餘大幅增加，年度盈餘港幣3,101萬元(2019年：港幣1,245萬元)；加上維修保養費支出相對用較上年減少，本會盈餘有149.08%增長(2019年：63.921%減少)。

本年內，本會雖然遵從衛生處防疫指引並取消部份活動，亦在限聚令放寬後舉辦了份佛教活動。本會將於來年繼續舉辦弘揚佛教的活動，主要活動安排如下：-

- 邀請佛門大德到本堂道場講經說法、弘揚佛理，給大家一個認識佛教的緣地，並歡迎各界人士隨喜參聽。
- 提供道場予其他佛教團體舉辦相關的佛學講座。
- 定期舉辦靜坐班、念佛晚會、共修、法會等活動，清淨心靈，身心自在。
- 透過佛教文化活動，以展出佛教物品及佛學相關展示，延續佛教理念，令信眾心靈提昇，實踐化育眾生之理念。
- 捐助海內外佛教學校，培養僧才，參學悟道。
- 捐助海內外寺院、廟宇的修繕工程及經費，傳承佛教文化精神，莊嚴道場。
- 2020年舉辦活動：2020觀音文化節論壇
  - ：佛教文化講座
  - ：百日在線受持·解說《金剛經》消災除疫祈福法會
  - ：第一期千僧萬眾祛疫祈福大法會
  - ：萬燈祈福供養法會
  - ：佛學講座

# **THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

## **DIRECTORS' REPORT** (Continued)

### **BUSINESS REVIEW** (Continued)

- 2021 年舉辦活動：2021 觀音文化節論壇
  - ：第二期千僧萬眾祛疫祈福大法會
  - ：佛誕節浴佛法會
  - ：香港書展2021
  - ：佛學講座
- 2020 年編印經書：《佛說字經》與為人處世之道
- 2021 年編印經書：《般若波羅密多心經》淺釋
  - ：心經手抄本

本會非常感謝各方捐款人的善款，籌得款項主要用於為信眾提供各種服務及舉辦佛教活動。此外，本會亦有多項工程項目正在展開，包括重新維修「海會塔」符會骨灰安置所、安裝環保化寶爐改善空氣污染、修建「秋雲園」僧侶宿舍及改建停車場為多功能活動室用作舉辦敬老素宴場地。由於本會營運及活動數量增加，所需人力及員工相對有所增加，薪酬支出亦較上年提高。

本會董事會認為本會與其管理團隊的關係良好，於回顧年度內獲得正面評價，令本會在推廣佛教信仰方面繼續取得成功。

### **DONATION**

Donation amounting totally HK\$2,585,835.00 (2019: HK\$7,342,800) for charitable purpose was made by the Society during the year.

### **EQUITY-LINKED ARRANGEMENTS**

No equity-linked arrangements had been entered into or subsisted at the end of the financial year.

### **DIRECTORS**

The Directors of the Society during the financial year and up to the date of the report were:-

Chan Ka Chung  
Chan Wing Lai Winnie (Resigned on 12th November, 2020)  
Chu Shek Chun (Deceased on 3rd August, 2020)  
Feng Yanjie  
Ho Sai Yiu  
Kong Ling Sarina  
Lam Sze Ken Kenneth  
Lau Chun Fui (Alias: Sik Kuan Yun)  
Lee Hong Chee  
Lee Pui Chun Regina  
Lee Siu Kam Yin  
Leung Shack Yuk

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**DIRECTORS' REPORT** (Continued)

**DIRECTORS** (Continued)

Leung Wai Chun  
Leung Fok Ho Yee  
Lo Wai Keung, Peter  
Ng Yuk Wa, Amy  
Ngan Siu Lun  
Sik Yin Chi  
Wong Koon Fun (Resigned on 12th November, 2020)  
Woo Siu Ying Iris  
Yau Wai Nam, Maria  
Yee Kit Bing

In accordance with the article No. 21 and 22 of the Society's Articles of Association that, one-third of the Board of Directors shall retire and being eligible for re-election.

**PERMITTED INDEMNITY PROVISION**

There were not any permitted indemnity provisions in force for the benefit of one or more Directors of the Society during the financial year and at the time of approval of this report.

**MANAGEMENT CONTRACTS**

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

**AUDITOR**

The financial statements have been audited by Lui & Mak CPA Limited, who now retire and, being eligible, offer themselves for re-appointment.

**APPROVAL OF DIRECTORS' REPORT**

This report was approved by the Directors on 30th September, 2020.

On behalf of the Directors,



\_\_\_\_\_  
Lau Chun Fui (Alias: Sik Kuan Yun) (Director)

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**  
(incorporated in Hong Kong with limited liability by guarantee)

**Qualified Opinion**

We have audited the financial statements of The Hong Kong Bodhi Siksa Society, Limited ("the Society") set out on pages 7 to 39, which comprise the statement of financial position as at 31st December, 2020, and income and expenditure account, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the state of the Society's affairs as at 31st December, 2020 and of its result and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Qualified Opinion**

The financial statements of the Society do not include the financial statements of the divisions, namely, society's Kindergartens, Care and Attention Home for the Aged as the financial position of these divisions are independent and the Society only makes donations, contributions and/or advances to these divisions if required.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA's") 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 Company 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 qualified opinion.

**Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

.....to be continued

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

(incorporated in Hong Kong with limited liability by guarantee)

(Continued)

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

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of 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.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

.....to be continued

# LUI & MAK CPA LIMITED

呂榮光 麥錦棠 陳杰宏  
會計師事務所有限公司

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

(incorporated in Hong Kong with limited liability by guarantee)

(Continued)

- 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.

### **Report on matters under section 407(2) and 407(3) of the Hong Kong Companies**

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding to the matters as described in Basis of Qualified Opinion:

- we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of our audit; and
- we were unable to determine whether adequate according records had been kept.

  
**LUI & MAK CPA LIMITED**  
Certified Public Accountants  
**HO PURCY**  
Practising Certificate No. P06689

30th September, 2021

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	<b><u>NOTE</u></b>	<b><u>2020</u></b> <b><u>HK\$</u></b>	<b><u>2019</u></b> <b><u>HK\$</u></b>
<b>INCOME</b>	(8)	63,437,557.84	58,192,406
<b>LESS:</b>			
<b>EXPENDITURE</b>	(8)	<u>32,424,624.62</u>	<u>45,741,194</u>
<b>SURPLUS FOR THE YEAR</b>		31,012,933.22	12,451,212
<b>TRANSFERRED FROM/(TO):-</b>			
Winter relief fund		(46,077.00)	193,166
General fund	(8)	<u>(30,966,856.22)</u>	<u>(12,644,378)</u>
		=====	=====

The notes on pages (12 to 39) form part of these financial statements.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>SURPLUS FOR THE YEAR</b>	31,012,933.22	12,451,212
<b>OTHER COMPREHENSIVE EXPENSE</b>		
Loss on revaluation of equity instruments at fair value through comprehensive income ("FVOCI")	<u>(84,811,410.45)</u>	<u>(18,944,182)</u>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>	<u>(53,798,477.23)</u> =====	<u>(6,492,970)</u> =====

The notes on pages (12 to 39) form part of these financial statements.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020**

	<u>NOTE</u>	HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	(10)		259,547,611.23	259,641,203
Investment properties	(11)		75,737,008.80	78,569,453
Equity instruments at fair value through other comprehensive income	(12)		<u>244,777,942.54</u>	<u>317,588,534</u>
			580,062,562.57	655,799,190
<b>CURRENT ASSETS</b>				
Prepayment		800.00		200,000
Rental receivable	(13)	373,126.92		99,000
Utility and other deposits		8,597,913.76		9,974,135
Temporary payment		1,719.72		1,720
Cash and bank balances		<u>41,588,030.21</u>		<u>22,274,988</u>
		<u>50,561,590.61</u>		<u>32,549,843</u>
<b>LESS:</b>				
<b>CURRENT LIABILITIES</b>				
Mortgaged bank loan	(14)	23,112,957.71		26,686,421
Accruals		102,586.50		90,000
Other payables	(15)	390,000.00		993,527
Rental and utility deposits received		1,470,200.00		1,231,700
Temporary receipt		<u>181,519.90</u>		<u>182,020</u>
		<u>25,257,264.11</u>		<u>29,183,668</u>
<b>NET CURRENT ASSETS</b>			<u>25,304,326.50</u>	<u>3,366,175</u>
<b>NET ASSETS</b>			<u>605,366,889.07</u>	<u>659,165,365</u>
<b>FUNDS AND RESERVE</b>				
General fund			575,233,843.30	544,266,987
Si Fong Che building fund	(16)		101,355,431.90	101,355,431
Home for the Aged building fund	(17)		59,111,787.48	59,111,787
Winter Relief fund	(18)		2,086,765.32	2,040,688
Education fund	(19)		8,047,571.68	8,047,572
Preaching fund	(20)		44,469.90	44,470
Investment reserve			<u>(140,512,980.51)</u>	<u>(55,701,570)</u>
			<u>605,366,889.07</u>	<u>659,165,365</u>

Approved and authorised for issue by the Board of Directors on 30th September, 2021 and are signed on its behalf by:



Lau Chun Fui (Alias: Sik Kuan Yun) (Director)



Lee Hong Chee (Director)

The notes on pages (12 to 39) form part of these financial statements.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	General fund HK\$	Si Fong Che building fund HK\$	Home for the aged building fund HK\$	Winter relief fund HK\$	Education fund HK\$	Preaching fund HK\$	Investment reserve - financial assets at FVTOCI HK\$	Total HK\$
At 1st January, 2019	531,622,609.01	101,355,431.90	59,111,787.48	2,233,854.32	8,047,571.68	44,469.90	(36,757,388.18)	665,658,336.11
Surplus for the year transferred from/(to) income and expenditure account	12,644,378.07	-	-	(193,166.00)	-	-	-	12,451,212.07
Loss on revaluation of equity instruments at fair value through FVOCI	-	-	-	-	-	-	(18,944,181.88)	(18,944,181.88)
At 31st December, 2019	544,266,987.08	101,355,431.90	59,111,787.48	2,040,688.32	8,047,571.68	44,469.90	(55,701,570.06)	659,165,366.30
Surplus for the year transferred from/(to) income and expenditure account	30,966,856.22	-	-	46,077.00	-	-	-	31,012,933.22
Change in financial assets at FVTOCI	-	-	-	-	-	-	(84,811,410.45)	(84,811,410.45)
At 31st December, 2020	575,233,843.30	101,355,431.90	59,111,787.48	2,086,765.32	8,047,571.68	44,469.90	(140,512,980.51)	605,366,889.07

The notes on pages (12 to 39) form part of these financial statements.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	<b><u>2020</u></b> <b>HK\$</b>	<b><u>2019</u></b> <b>HK\$</b>
<b>OPERATING ACTIVITIES</b>		
Net cash generated from operations (Note 21a)	31,837,572.22	368,510
Bank interest received	<u>100,820.84</u>	<u>26,231</u>
Net cash generated from operating activities	<u>31,938,393.06</u>	<u>394,741</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,032,782.60)	(27,405,737)
Purchase of financial assets at FVOCI	(12,000,818.41)	(3,231,785)
Dividend received from equity instrument at FVOCI	<u>11,546,785.51</u>	<u>17,375,540</u>
Net cash used in investing activities	<u>(8,486,815.50)</u>	<u>(13,261,982)</u>
<b>FINANCING ACTIVITIES (Note 21b)</b>		
(Repayment)/addition and repayment of mortgaged bank loan	(3,573,463.39)	8,211,473
Bank loan interest paid	<u>(565,072.61)</u>	<u>(376,989)</u>
Net cash (used in)/generated from financing activities	<u>(4,138,536.00)</u>	<u>7,834,484</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	19,313,041.56	(5,032,757)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>22,274,988.65</u>	<u>27,307,745</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>41,588,030.21</u>	<u>22,274,988</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>41,588,030.21</u>	<u>22,274,988</u>

The notes on pages (12 to 39) form part of these financial statements.

# **THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31ST DECEMBER, 2020**

#### **(1) GENERAL**

The Hong Kong Bodhi Siksa Society, Limited ("the Society"), a charitable body exempted from tax under Section 88 of the Inland Revenue Ordinance. The accounts do not include the affairs and operation results of the divisions, Care and Attention Home for the Aged and the Kindergartens ("the separate divisions") on the ground that the separate divisions have different activities and accounts period with the Society which may distort the affairs and operation results of the Society. The address of its registered office is 4/F., Block C, Bay View Mansion, Causeway Road, Hong Kong.

The Hong Kong Bodhi Siksa Society, Limited is limited by guarantee and not having a share capital. The liability of each of its member is limited to HK\$20.00.

The financial statements are presented in Hong Kong Dollars, which is also the Society's functional currency.

#### **(2) STATEMENT OF COMPLIANCE**

The financial statements of the Society have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis as modified for the revaluation of equity instruments at fair value through other comprehensive income ("FVOCI") as explained in the accounting policies below:-

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Society takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:-

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(2) STATEMENT OF COMPLIANCE (Continued)**

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Society's accounting policies. Areas including higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note (7).

**(3) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

**(a) New and amended standards adopted by the Company**

The Society has applied the following standards and amendments for the first time for their annual reporting period commencing 1st January, 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The application of the amendments to HKFRSs in the current year has had no material impact on the Society's financial performance and positions for current and prior years and/or on the disclosures set out in the Society's financial statements.

**(b) New standards and interpretations not yet adopted**

A number of new standards and amendments to standards and interpretations that are relevant to the Society but not yet effective for the financial year beginning at 1st January, 2020 and have not been early adopted by the Society are as follows:-

Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions <sup>5</sup>
New standard to HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2021, with earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2022, with earlier application permitted

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2023, with earlier application permitted

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

<sup>5</sup> Effective for annual periods beginning on or after 1st June, 2020 with earlier application permitted

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(3) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)**

**(b) New standards and interpretations not yet adopted (Continued)**

The Directors of the Society anticipate that the application of these new and revised HKFRs will have no material impact on the financial statements.

**(4) SIGNIFICANT ACCOUNTING POLICIES**

**(a) Revenue recognition**

Under HKFRS 15, the Society recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Society’s performance as the Division performs;
- the Society’s performance creates or enhances an asset that the customer controls as the Company performs; or
- the Society’s performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Further details of the Society’s revenue and other income recognition policies are as follows:

- (i) Sale of ancestor boards is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(4) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Revenue recognition (Continued)**

- (ii) Dividend income from listed investment is recognised when the right to receive payment is established.
- (iii) Interest income is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- (iv) Revenue from membership fee, printing of scripture, festival contribution, donation income, worshipping contribution and sundry income are recognised when contributions are received.
- (v) Rental income is on a straight line basis over the term of the lease agreement.

**(b) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash investments with a maturity of three months or less from the date of investment less bank overdrafts.

**(c) Investment properties**

Investment properties including property interests that are held under an operating lease, which are properties held to earn rentals and/or for capital appreciation, are stated at cost at the reporting date.

**(d) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the income and expenditure account in the year in which they are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of the property, plant and equipment. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the income and expenditure account.

Depreciation of property, plant and equipment is calculated to write off the cost of fixed assets over their estimated useful lives at the following rates per annum.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(4) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Property, plant and equipment and depreciation (Continued)**

Motor vehicles	30% per annum on reducing balance basis
Furniture, equipment, fixture and fittings	20% per annum on reducing balance basis
Buddha idols	20% per annum on reducing balance basis
Buddha embroideries	20% per annum on reducing balance basis
Air-conditioner	20% per annum on reducing balance basis
Decoration	20% per annum on straight line basis
Land and building, investment properties	Over the lease terms

**(e) Impairment losses on non-financial assets**

At each reporting date, the Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

**(f) Related parties**

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

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

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(4) PRINCIPAL ACCOUNTING POLICIES (Continued)**

**(f) Related parties (Continued)**

(b) An entity is related to the Society if any of the following conditions applies:

- (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Society or an entity related to the Society.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(g) Government grants**

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Society will comply with the conditions attaching to them. 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. Grants that compensate the Society for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(4) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial instruments**

**(i) Financial assets**

The Society's policies for investments in debt and equity securities and other financial assets, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities and other financial assets are recognised / derecognised on the date the Society commits to purchase / sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

**(a) Investments and other financial assets other than equity investments**

Non-equity investments and other financial assets held by the Society are classified into one of the following measurement categories:

- amortised cost, if the investment and other financial assets is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED - SI FONG CHE**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(4) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial instruments (Continued)**

**(b) Equity investments**

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Society makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

**(ii) Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The measurement of financial liabilities depends on their classification, as described below:

**(a) Financial liabilities at FVPL**

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Society that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(4) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial instruments (Continued)**

**(ii) Financial liabilities (Continued)**

**(a) Financial liabilities at FVPL (Continued)**

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. The Society has not designated any financial liability as at FVPL.

**(b) Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the income statement.

This category generally applies to customer deposits at amortised cost and unsecured bank loans at amortised cost.

**(iii) Impairment of financial assets**

The Society assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For rental receivables, the Society applies the simplified approach under HKFRS 9, which use the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(4) PRINCIPAL ACCOUNTING POLICIES (Continued)**

**(i) Employee benefits**

**(i) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

**(ii) Pension obligations**

The Society operates defined contribution schemes for employees employed in Hong Kong. Contributions to the schemes are calculated based on certain percentage of employees' monthly salary. The assets of the schemes are held separately from those of the Society in independently administered funds. Contributions to the schemes are charged to the income and expenditure account as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

**(j) Lease**

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(5) CAPITAL RISK MANAGEMENT**

The Society manages its capital to ensure that entities in the Society will be able to continue as going concern in order to provide welfare to the public. The Society's overall strategy remains unchanged from prior year. The capital of the Society comprises its funds and reserve.

**(6) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES**

**(a) Financial instruments**

	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>Financial assets</b>		
Equity instruments at FVOCI	244,777,942.54	317,588,534
	=====	=====
At amortised cost		
Temporary payment	-	1,720
Utility and other deposits	8,597,913.76	9,974,135
Rental receivable	373,126.92	99,000
Cash and bank balances	<u>41,588,030.21</u>	<u>22,274,988</u>
	50,559,070.89	32,349,843
	=====	=====
<b>Financial liabilities</b>		
At amortised cost		
Rental and utility deposits received	1,470,200.00	1,231,700
Temporary receipts	181,519.90	182,020
Accruals	102,586.50	90,000
Other payables	390,000.00	993,527
Mortgaged bank loan	<u>23,112,957.71</u>	<u>26,686,421</u>
	25,257,264.11	29,183,668
	=====	=====

*Fair values of financial instruments*

*The fair value of financial assets and financial liabilities are determined as follows:*

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices and rates from observable current market transactions as input.

The Directors of the Society consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(6) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES**

(Continued)

**(b) Financial risk management objective and policies**

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**(i) Equity price risk**

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities.

The Society is exposed to equity price risk arising from individual equity investment classified as equity instruments at FVOCI (note 12) as at 31st December 2020. The Society's listed investments are listed on the Hong Kong stock exchanges and are valued at quoted market prices at the reporting date.

The Directors manage this exposure by maintaining a portfolio of investments with different risk and return profiles.

*Equity price sensitivity analysis*

The sensitivity analysis has been determined based on the exposure to equity price for the equity instruments at FVOCI. The analysis is prepared assuming that the change in equity price had occurred at respective reporting date and had been applied to the exposure to equity price risk for these financial assets in existence at that date. The sensitivity rate of 10% represents management's assessment of the reasonably possible change in equity price.

At the respective reporting dates, if equity price had increased/decreased by 10% and all other variables were held constant, the Society's investment revaluation reserve for the year and 2020 would have increased/decreased by 10% of the carrying amount of the equity instruments at FVOCI as stated in the respective statement of financial position.

**(ii) Interest rate risk**

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk primarily through the impact of interest rate changes on cash and bank balances.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(6) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES**  
(Continued)

**(b) Financial risk management objective and policies** (Continued)

(ii) Interest rate risk (Continued)

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for the cash and bank balances. The analysis is prepared assuming that the change in interest rate had occurred at respective reporting date and had been applied to the exposure to interest rate risk for these financial assets and liabilities in existence at that date and outstanding for the whole year. The 50 basis points represent the best estimation of the possible change in the interest rates over the period until the next reporting date.

At the respective reporting dates, if interest rates had increased/decreased by 50 basis points and all other variables were held constant, the Society's surplus for the year would have increased/decreased by approximately HK\$103,608.11 (2019: approximately HK\$82,844).

(iii) Credit risk

The Society has no significant concentrations of credit risk.

The Society applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivable. Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery.

The Society's other financial assets carried at amortised cost include cash and cash equivalents, deposits and other receivables in the statement of financial position. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(6) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES**

(Continued)

**(b) Financial risk management objective and policies (Continued)**

(iii) Credit risk (Continued)

Management considered the credit risk of deposits and other receivables as low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term.

Therefore, the Society has assessed that the expected credit losses for these financial assets carried at amortised costs were close to zero under 12-month expected losses method, and therefore no provision was recognised.

(iv) Liquidity risk

In the management of the liquidity risk, the Society monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Society's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Society's remaining contractual maturity for its non derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Society can be required to pay. The table includes both interest and principal cash flows.

	Repayable on demand or within <u>1 year</u> HK\$	More than 1 year but less <u>than 5 years</u> HK\$	Total undiscounted <u>cash flow</u> HK\$	Carrying <u>amount</u> HK\$
<b><u>2020</u></b>				
<b>Financial liabilities</b>				
Temporary receipts	181,519.90	-	181,519.90	181,519.90
Accruals	102,586.50	-	102,586.50	102,586.50
Other payables	390,000.00	-	390,000.00	390,000.00
Rental and utility deposit received	1,470,200.00	-	1,470,200.00	1,470,200.00
Mortgaged bank loan	<u>23,112,957.71</u>	-	<u>23,112,957.71</u>	<u>23,112,957.71</u>
	<u>25,257,264.11</u>	-	<u>25,257,264.11</u>	<u>25,257,264.11</u>
<b><u>2019</u></b>				
<b>Financial liabilities</b>				
Temporary receipt	182,020	-	182,020	182,020
Accruals	90,000	-	90,000	90,000
Other payables	993,527	-	993,527	993,527
Rental and utility deposit received	1,231,700	-	1,231,700	1,231,700
Mortgaged bank loan	<u>26,686,421</u>	-	<u>26,686,421</u>	<u>26,686,421</u>
	<u>29,183,668</u>	-	<u>29,183,668</u>	<u>29,183,668</u>

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(6) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES**

(Continued)

**(b) Financial risk management objective and policies (Continued)**

**(iv) Fair values of financial instruments**

The note provides information about how the Society determine fair values of various financial assets and financial liabilities.

	<b>Fair value as at</b>		<b>Fair value</b>	<b>Valuation</b>
	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>	<b><u>hierachy</u></b>	<b><u>technique(s)</u></b>
	<b>HK\$</b>	<b>HK\$</b>		<b><u>and key input(s)</u></b>
Financial assets				
Equity instruments				
at FVOCI	244,777,942.54	317,588,534	Level 1	an active market
	=====	=====		

There were no transfers between Levels 1 and 2 in the current and prior years.

The Directors of the Society considered that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values.

Fair value hierarchy as at 31st December, 2020:-

	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
	<b>HK\$</b>			<b>HK\$</b>
Equity instruments				
at FVOCI	244,777,942.54	-	-	244,777,942.54
	=====	=====	=====	=====

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(7) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Useful lives and impairment of property, plant and equipment**

In determining the useful lives of property, plant and equipment, the management has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on last experience on similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed, at each financial year end date, based on changes in circumstances.

**(b) Fair value of financial assets and derivative financial instruments**

The fair values of financial assets and derivative financial instruments that are traded in an active market are determined by the quoted market prices.

For the fair values of financial assets and derivative financial instruments not traded in an active market, the Society would use the quoted price provided by counterparty to estimate the fair values. The methodologies, models and assumptions used in valuing these financial assets and derivative financial instruments require judgement by management which are mainly based on market conditions existing at each date of statement of financial position.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(8) INCOME AND EXPENDITURE**

	<u>Income</u> HK\$	<u>Expenditure</u> HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>GENERAL FUND</b>				
Book fair activities	-	13,807.00	(13,807.00)	(45,121)
Buddha festival contribution	14,425,692.27	2,540,392.00	11,885,300.27	13,567,647
Buddha statue income	307,630.00	-	307,630.00	588,192
Donation received	-	-	-	86,300
Membership fee	99,700.00	-	99,700.00	(329,051)
Monthly journal	74,040.00	473,366.00	(399,326.00)	(85,900)
Preaching	-	8,981.30	(8,981.30)	-
Printing scripture	-	8,100.00	(8,100.00)	(58,610)
Receipts on ancestor boards (Porcelian portrait)	11,755,000.00	70,520.00	11,684,480.00	7,310,550
Worshipping contribution	19,922,118.26	750,488.60	19,171,629.66	6,641,648
<b>OTHER ADMINISTRATIVE AND OPERATING EXPENSES (Note 9)</b>	-	28,552,126.72	(28,552,126.72)	(36,575,873)
<b>NET SURPLUS/(DEFICIT) OF OTHER OPERATIONS:-</b>				
Bank interest income	100,820.84	-	100,820.84	26,231
Dividend income from at FVOCI (Note b)	11,546,785.51	-	11,546,785.51	17,930,609
Exchange differences	39,645.96	-	39,645.96	(3,368)
Government subsidy under the Anti-epidemic fund (Note c)	1,566,375.00	-	1,566,375.00	-
Loss on disposal of property, plant and equipment	-	-	-	(1,775,042)
Membership welfare	-	-	-	(36,049)
Rental income	3,523,100.00	-	3,523,100.00	5,394,445
Sundry income	23,730.00	-	23,730.00	9,370
Vegetarian banquets	-	-	-	(1,600)
	<u>63,384,637.84</u>	<u>32,417,781.62</u>	<u>30,966,856.22</u>	<u>12,644,378</u>
<b>DONATION RECEIVED/ (EXPENDITURE) FOR SPECIFIED FUNDS</b>				
Winter relief fund	52,920.00	6,843.00	46,077.00	(193,166)
<b>SURPLUS FOR THE YEAR</b>	<u>63,437,557.84</u>	<u>32,424,624.62</u>	<u>31,012,933.22</u>	<u>12,451,212</u>

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(8) INCOME AND EXPENDITURE (Continued)**

Note:-

- (a) Transaction price allocated to the remaining performance obligation for contracts with customers

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

During the year, there are no assets that are required to be recognised from the costs to obtain or fulfill a contract with a customer.

- (b) Dividend received are arised from the equity instruments at FVOCI held at the end of the reporting year.
- (c) In 2020, the Society successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund amounted to HK\$1,556,375.00, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Society is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(9) OTHER ADMINISTRATIVE AND OPERATING EXPENSES**

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>HK\$</b>	<b>HK\$</b>
<b>GENERAL FUND</b>		
Advertising and exhibition expenses	10,716.00	8,664
Auditor's remuneration	90,000.00	90,000
Bank charges	55,655.37	32,819
Bank loan interest	565,072.61	376,989
Building management fee	269,736.00	206,514
Cleaning	133,840.60	182,671
Clothing	325,000.00	753,200
Commission paid	85,800.00	14,300
Depreciation - property, plant and equipment	8,126,374.81	8,361,337
Depreciation of investment properties	2,832,444.21	2,832,444
Donation	2,585,875.00	7,342,800
Electricity, water and fuel	902,967.50	1,248,887
Insurance	148,258.83	136,380
Long service payment	36,602.89	-
Mandatory provident fund	339,135.86	345,887
Medical	50,114.90	82,705
Messing	1,201,416.90	2,009,673
Motor car expenses	313,317.72	459,071
Overseas travelling	3,248.00	159,396
Postage	23,659.00	8,276
Stationery and printing	142,649.04	142,781
Rental expenses	200,000.00	360,000
Rates and crown rent	407,944.08	646,432
Repairs and maintenance	934,254.50	2,386,779
Salaries and allowance	8,568,289.80	8,154,540
Secretarial fee	3,355.00	12,955
Sundry expenses	20,381.50	33,097
Telephone and internet	111,949.40	107,924
Transportation and travelling expenses	<u>64,067.10</u>	<u>79,352</u>
	<b><u>28,552,126.72</u></b>	<b><u>36,575,873</u></b>
	=====	=====

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(10) PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings held in Hong Kong HK\$	Motor vehicles HK\$	Furniture, equipment, fixtures and fittings HK\$	Buddha Idols HK\$	Buddha embroideries HK\$	Air- conditioners HK\$	Decoration HK\$	Total HK\$
<b>AT COST</b>								
At 1st January, 2019	309,828,155.46	1,743,341.50	6,658,331.12	2,851,400.70	1,605,428.90	1,023,704.00	6,375,302.00	330,085,663.68
Additions	27,282,462.00	-	100,675.60	-	-	22,600.00	-	27,405,737.60
Disposal	(1,849,002.10)	-	-	-	-	-	-	(1,849,002.10)
At 31st December, 2019	335,261,615.36	1,743,341.50	6,759,006.72	2,851,400.70	1,605,428.90	1,046,304.00	6,375,302.00	355,642,399.18
Additions	6,930,593.60	-	260,031.00	166,658.00	-	675,500.00	-	8,032,782.60
At 31st December, 2020	342,192,208.96	1,743,341.50	7,019,037.72	3,018,058.70	1,605,428.90	1,721,804.00	6,375,302.00	363,675,181.78
<b>DEPRECIATION</b>								
At 1st January, 2019	70,784,939.42	951,008.91	5,227,996.84	2,389,884.38	1,567,588.12	850,764.83	5,941,635.94	87,713,818.44
Charge for the year	7,244,790.32	237,699.78	306,201.97	92,303.26	7,568.16	39,107.83	433,666.06	8,361,337.38
Written back on disposal	(73,960.08)	-	-	-	-	-	-	(73,960.08)
At 31st December, 2019	77,955,769.66	1,188,708.69	5,534,198.81	2,482,187.64	1,575,156.28	889,872.66	6,375,302.00	96,001,195.74
Charge for the year	7,383,402.18	166,389.84	296,967.78	107,174.22	6,054.52	166,386.27	-	8,126,374.81
At 31st December, 2020	85,339,171.84	1,355,098.53	5,831,166.59	2,589,361.86	1,581,210.80	1,056,258.93	6,375,302.00	104,127,570.55
<b>NET BOOK VALUE</b>								
At 31st December, 2020	256,853,037.12	388,242.97	1,187,871.13	428,696.84	24,218.10	665,545.07	-	259,547,611.23
At 31st December, 2019	257,305,846	554,633	1,224,808	369,213	30,272	156,431	-	259,641,203

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(10) PROPERTY, PLANT AND EQUIPMENT (Continued)**

- (a) The Society's interests in land and building at their net book value are analysed as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Lease between 10 to 50 years	204,841,180.50	210,903,378
Lease over 50 years	<u>52,011,856.62</u>	<u>46,402,468</u>
	<u>256,853,037.12</u>	<u>257,305,846</u>

- (b) No values were assigned to the land and buildings under donation-in-kind on the statement of financial position.

Leasehold lands held for own used under donations-in-kind are:-

<u>Location</u>	<u>Purpose for principal place</u>
Lot no.1212, in DD453, Tsuen Wan	Worshipping Place

The above leasehold land is held in Hong Kong on medium-term lease.

**(11) INVESTMENT PROPERTIES**

	HK\$
<b>COST</b>	
At 1st January, 2019, 31st December, 2019 and 31st December, 2020	107,533,150.00
<b>DEPRECIATION</b>	
At 1st January, 2019	26,131,252.78
Charge for the year	<u>2,832,444.21</u>
At 31st December, 2019	28,963,696.99
Charge for the year	<u>2,832,444.21</u>
At 31st December, 2020	<u>31,796,141.20</u>
<b>NET BOOK VALUE</b>	
At 31st December, 2020	<u>75,737,008.80</u>
At 31st December, 2019	<u>78,569,453</u>

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(11) INVESTMENT PROPERTIES (Continued)**

Note:

- (a) The fair value of the Society's investment properties at 31st December, 2020 is HK\$289,134,000.00. The fair value has been arrived at based on a valuation carried out by the Board of Directors, which was determined by reference to recent market prices for similar properties.

The Society's interests in investment properties at their net book value are analysed as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Lease between 10 to 50 years	70,241,678.40	72,943,281
Lease over 50 years	<u>5,495,330.40</u>	<u>5,626,172</u>
	75,737,008.80	78,569,453
	=====	=====

- (b) No values were assigned to the investment properties under donation-in-kind on the statement of financial position.

Investment properties held for rental purpose under donations-in-kind are:-

- 6/F., No. 183 Yee Kuk Street, Kowloon, Hong Kong
- 5/F., Woon Tin Mansion, 66 Kai Tak Road, Kowloon, Hong Kong

The above investment properties are held in Hong Kong on medium-term lease.

**(12) EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Equity instruments at FVOCI		
Listed shares in Hong Kong, at market value	230,332,524.75	306,885,555
Listed shares in overseas, at market value	26,184.11	22,781
Bond fund in overseas, at market value	<u>14,419,233.68</u>	<u>10,680,198</u>
	244,777,942.54	317,588,534
	=====	=====

The equity instruments are stated at fair value which derived from quoted bid prices in active markets. The fair value of the financial assets is under Level 1 fair value measurement hierarchy.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(13) RENTAL RECEIVABLE**

The aging analysis of rental receivables at reporting date is as follows:-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Past due 1 - 30 days	373,126.92 =====	99,000 =====

**(14) MORTGAGED BANK LOAN**

(a) Pledged of assets

The bank loan is secured by the Society's investment properties and leasehold land and building with net book value of HK\$42,815,937.12 (2019: HK\$44,462,704) and HK\$22,564,425.00 (2019: HK\$23,432,288) respectively.

(b) Classification of bank loan the maturity of bank loans based on specified repayment schedule in banking facilities letter is as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Within one year	3,572,337.69	3,488,533
Two to five years	12,756,844.20	14,783,872
More than five years	<u>6,783,775.82</u>	<u>8,414,016</u>
	<u>23,112,957.71</u> =====	<u>26,686,421</u> =====

The above bank loans are not repayable within one year from the end of the reporting date but contain repayment on demand clause and shown under current liabilities. Notwithstanding the repayment on demand clause, the Society would anticipate the bank loans would be settled in accordance with the repayment schedules. In the event the repayment on demand clause is not enforced, the net current assets of the Society are as follows:-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Net current assets as shown on	25,304,326.50	3,366,175
Add: Bank loans not repayable within one year but with repayable on demand clause	<u>19,540,620.02</u>	<u>23,197,888</u>
Net current assets	<u>44,844,946.52</u> =====	<u>26,564,063</u> =====

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(15) OTHER PAYABLES**

Other payables are payables for construction works disclosed in Note 23, non-interest bearing and are normally settled on 60 days terms.

**(16) SI FONG CHE BUILDING FUND**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance b/f. and c/f.	101,355,431.90	101,355,432
	=====	=====

The fund was set up for building of Si Fong Che.

**(17) HOME FOR THE AGED BUILDING FUND**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance b/f. and c/f.	59,111,787.48	59,111,787
	=====	=====

The fund was set up for building of Home for the Aged.

**(18) WINTER RELIEF FUND**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance b/f.	2,040,688.32	2,233,854
Transfer from income and expenditure account	<u>46,077.00</u>	<u>(193,166)</u>
Balance c/f.	2,086,765.32	2,040,688
	=====	=====

The fund was set up for relief activities.

**(19) EDUCATION FUND**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance b/f. and c/f.	8,047,571.68	8,047,572
	=====	=====

The fund was set up to sponsor educational activities.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(20) PREACHING FUND**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance b/f. and c/f.	44,469.90 =====	44,470 =====

The fund was primarily set up for preaching activities of Buddhism.

**(21) RECONCILIATION OF CASH FLOWS**

**(a) Surplus for the year to cash generated from operations**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Surplus for the year	31,012,933.22	12,451,212
Adjustments for:		
Depreciation of property, plant and equipment	8,126,374.81	8,361,337
Depreciation of investment properties	2,832,444.21	2,832,444
Loss on disposal of property, plant and equipment	-	1,775,042
Bank loan interest	565,072.61	376,989
Dividend income from equity instruments at FVOCI	(11,546,785.51)	(17,930,609)
Bank interest income	(100,820.84)	(26,231)
Operating cash flows before working capital changes	30,889,218.50	7,840,184
(Increase)/decrease in assets:-		
Prepayment	199,200.00	(200,000)
Rental receivable	(274,126.92)	(70,600)
Other receivable	-	1,100
Utility and other deposits	1,376,221.14	(7,737,029)
Temporary payment	-	10,734
Increase/(decrease) in liabilities:-		
Accruals	12,586.50	19,999
Other payables	(603,527.00)	603,527
Rental and utility deposits received	238,500.00	(70,500)
Rental received in advance	-	(16,984)
Temporary receipt	(500.00)	(11,921)
Net cash generated from operations	31,837,572.22 =====	368,510 =====

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(23) RECONCILIATION OF CASH FLOWS (Continued)**

(b) Liabilities arising from financing activities

	<u>2019</u> HK\$	<u>Interest and finance charges payable</u> HK\$	<u>Cash flows</u> HK\$	<u>2020</u> HK\$
Addition bank loan	11,000,000.00	-	-	11,000,000.00
Repayment of mortgaged bank loan	15,686,421.10	-	(3,573,463.39)	12,112,957.71
Bank loan interest paid	-	565,072.61	(565,072.61)	-
	<u>26,686,421.10</u>	<u>565,072.61</u>	<u>(4,138,536.00)</u>	<u>23,112,957.71</u>

**(22) DIRECTORS' REMUNERATION**

No directors' fee or other emoluments were paid or payable by the society for the year (2019: Nil).

**(23) COMMITMENTS ON PROPERTY, PLANT AND EQUIPMENT AND  
REPAIR AND MAINTENANCE**

The Society has entered into several construction contracts for improvements relating to the private columbarium (“海會塔”), monks' dormitory (“秋雲園”), eco-Joss paper furnace installation and carpark improvement. As at the year ended, the Society has completed its commitment on eco-Joss paper furnace installation and carpark improvement. The Society has paid deposits amounted to HK\$7,418,031 regarding the above construction works on private columbarium and monks' dormitory and as at the reporting date, the Society is committed to pay HK\$ 17,024,968 for the construction contracts signed before the reporting date. In the opinion of the Directors of the Society, the estimated completion date of these construction works shall be Year 2023.

Subsequent to year ended, the Society has further entered additional construction contract amounted to HK\$13,356,403.00.

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(24) CONTINGENT LIABILITIES**

Under Government lease, columbarium is not permitted in Si Fong Che. The Division has applied for a land exchange to regularize the existing operation of columbarium. On January 2011, the Division appointed a professional body to apply to Town Planning Board for rezoning the green belt zone to GIC zone for columbarium development.

On 30th June, 2019, the Private Columbarium Ordinance ("the Ordinance") was passed to regulate the existing regime on the operation of columbarium in Hong Kong. The Division's columbarium is classified as Part B of the Ordinance that have been confirmed to be not compliant with statutory town planning requirements.

Accordingly, on 18th June, 2014, the Division freezes its scale of columbarium operation and ceases selling new or unoccupied niches depending the results of the application of the license for private columbarium.

The application is still in progress up to the date of this report. In case the application is turndown, the Division may subject to claim from columbarium purchaser. The cash received from purchaser from 1st January, 2002 to 18th June, 2014 was approximately HK\$176 million.

**(25) TAXATION**

Provision for profit tax is exempted under section 88 of the Inland Revenue Ordinance.

**(26) OPERATING LEASE ARRANGEMENTS**

At the reporting date, the society had total future minimum lease receipts under non-cancellable operating leases which fall due as follows:-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Land and building expiring		
Within one year	3,277,741.94	2,545,161
In the second to fifth year inclusive	<u>6,302,903.23</u>	<u>-</u>
	<u>9,580,645.17</u>	<u>2,545,161</u>

**THE HONG KONG BODHI SIKSA SOCIETY, LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**(27) RELATED PARTY TRANSACTIONS**

In addition to the transactions and balances detailed elsewhere in the financial statements, the Society entered into the following significant transactions and balances with related parties during the year:-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Donation to a related charity	2,175,875.00	7,142,800
Rental expense paid to a related company	360,000.00	360,000
	=====	=====

Director of the Society is the key management personnel of the related charities and common director of the related company.

**(28) SIGNIFICANT EVENT**

An outbreak of respiratory illness caused by novel coronavirus (the "COVID-19") has been expanded worldwide since early 2020. The Society has implemented prevention and control measures to ensure the Society continue to operate its business. The Directors of the Society will continue to assess the impact of the respiratory illness on the Society's operation with regard to the effect on the financial performance and closely monitor the Society's exposure to the risks and uncertainties in connection with this event.