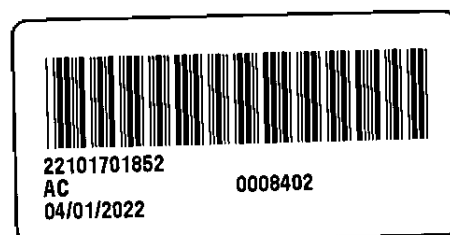


**Report of the Executive Committee Members and Consolidated Audited
Financial Statements**

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

Year ended 31 March 2021



THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON
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THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members of The Lok Sin Tong Benevolent Society, Kowloon ("the Society") present their report and the audited consolidated financial statements of the Society and divisions controlled by the Society (collectively referred to as the "Group") for the year ended 31 March 2021.

Principal activities

The Society is a non-profit making organisation and aims to provide welfare to the public, mainly in the areas of education, elderly services and medical services. The Group's principal activities are therefore to provide clinic services, to make donations and subventions to its kindergartens, schools, elderly homes and centres, to govern the operations of those units and to sponsor other community projects.

Business review

The Society is a well-established and reputable charitable organisation based in Hong Kong for 140 years more. It provides social welfare, educational, medical, recreational and environmental services to the general public. During the year, the Society dedicated its efforts to offering diversified and quality services such as:

- ESR – LST Meal Delivery Service
- ESR – LST Design
- ESR – LST RehaCare
- CDF – School-based Project
- BDF – Project HOPE: An Integrated Project With Four Intervention Approaches On Beating Drugs
- BDF – LST Sunshine Youth Project
- PFD – KIDS Project
- PFD – Community Support Project: Love * Embrace
- PFD – Care With You: A Comprehensive Intervention Project For SEN Children
- VMP – Visiting Medical Practitioner Service For Residential Care Homes
- JCD – Elderly With Dementia
- BMCPC – Community Building Project
- DH – Smoking Cessation Project for the Workplace
- CCF – Transitional Housing

Looking ahead, the Society will continue to enhance and expand its services in order to meet the growing needs of the local community.

During the year, the fair value of the investment properties increased by HK\$41 million. The Society had a total surplus for the year of HK\$72 million. Similar to other social service providers, the Society had difficulty in recruiting skilled labour from the labour market, in particular the paramedical staff and personal care attendants. The Society managed to overcome this challenge by improving the working conditions of its workforce and outsourcing some services. The issue did not affect the daily operations of the Society.

As at 31 March 2021, the liquidity ratio of the Society, which reflected the adequacy of financial resources and was calculated as current assets over current liabilities, was 3.74 (2020: 4.96). The Society had no borrowings as at 31 March 2021 (2020: Nil). The Executive Committee members were of the view that there were sufficient financial resources to satisfy the Society's capital commitments and working capital requirements.

The Society provides remuneration package to employees primarily based on industry practice, individual performance, qualification and experience. Staff benefits such as education subsidies, medical and retirement benefits are offered to eligible staff. On staff development, both in-house and external training and development programs, are conducted on a regular basis. The Society endeavours to help in environmental protection for the globe. Recycle bins were set in community centres for promoting this value.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

REPORT OF THE EXECUTIVE COMMITTEE MEMBERS (CONTINUED)

Results

The results of the Society and its divisions (the "Group") for the year ended 31 March 2021 and its state of affairs at that date are set out in the consolidated financial statements on pages 7 to 59.

Fund and reserves

Details of movements in the fund and reserves of the Society during the year are set out in notes 18 to 26 to the consolidated financial statements.

Executive Committee members

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

Mrs. Chan Lee Yuk Pui, Kawina, MH	(Chairman)
Dr. Pang Chi Wang, Peter	(1 st Vice-chairman)
Dr. Su Yu Hong	(2 nd Vice-chairman)
Mr. Chan Kin Ping, Chris, BBS, JP	(3 rd Vice-chairman)
Mr. Lee Shing Kan	(4 th Vice-chairman)
Mr. Lee Shing Put, BBS	
Ir. Kwok Yu Won, Eric, MH	
Mr. Sze Kyran, MH	
Mr. Leung Siu On, Clifford, MH	
Ms. Chan Jeanette	
Mr. Tung Fong Ngai	
Dr. Li Mow Ming, Sonny	
Ms. Wan Man Wai, Rowena	
Ms. Lee Pui Ah	
Mr. Mok Michael Man Too	
Ms. Wong Ying Ying	
Mr. Tung Chi Fung	
Mr. Wong Ka Hang	
Mr. Kwan Ka Yau, Keith	
Mr. Chung Tsi Kuen	
Mr. Wong Shu Yuen	
Mr. Wong Ivan Siu Kei, JP	(appointed on 1 April 2020)
Mr. Chui Ying Wai	(appointed on 1 April 2020)
Mr. Chan Shing Bong	(appointed on 1 April 2020)
Dr. Yang Xiao Ling, MH	(resigned on 1 April 2020)
Mr. Lo Kai Fai, Garfield	(resigned on 1 April 2020)
Mr. Lee Yau Chiu	(resigned on 1 April 2020)
Mr. Cheung Fun Nin, Johnny	(resigned on 1 April 2020)
Ms. Li Yin Ping	(resigned on 1 April 2020)
Dr. Yam Chun Yin	(resigned on 1 April 2020)
Ms. Huang Jingshu	(resigned on 1 April 2020)
Mr. Chan Tat Wah	(resigned on 1 April 2020)

In accordance with article 45 of the Society's articles of association, all current Executive Committee members will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

REPORT OF THE EXECUTIVE COMMITTEE MEMBERS (CONTINUED)

Executive Committee members' interests

At no time during the year was the Society a party to any arrangement to enable the Society's Executive Committee members to acquire benefits by means of the acquisition of shares in or debentures of the Society or any other body corporate.

Executive Committee members' interests in transactions, arrangements or contracts

No Executive Committee members had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the activities of the Society to which the Society was a party during the year.

Permitted indemnity provisions

At no time during the financial year end up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Executive Committee members of the Society (whether made by the Society or otherwise) or an associated company (if made by the Society).

Auditor

Ernst & Young retires and a resolution for its reappointment as auditor of the Society will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE EXECUTIVE COMMITTEE MEMBERS



Chairman
Lee Yuk Pui, Kawina, MH

Hong Kong
29 November 2021



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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Independent auditor's report

To the Executive Committee members of The Lok Sin Tong Benevolent Society, Kowloon

(Incorporated in Hong Kong as a Society and limited by guarantee)

We have audited the consolidated financial statements of The Lok Sin Tong Benevolent Society, Kowloon (the "Society") and its divisions (the "Group") set out on pages 7 to 59, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in fund and reserves and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and cash flows for the year then ended in compliance with Hong Kong Financial Reporting Standards and the consolidated financial statements have been properly prepared in accordance 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 Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Executive Committee members are responsible for the other information. The other information comprises the information included in the report of the Executive Committee members. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Committee members' responsibility for the consolidated financial statements

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

Independent auditor's report (continued)**To the Executive Committee members of The Lok Sin Tong Benevolent Society, Kowloon****(Incorporated in Hong Kong as a Society and limited by guarantee)****Responsibilities of the Executive Committee members' responsibility for the consolidated financial statements (continued)**

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee members.
- Conclude on the appropriateness of the Executive Committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent auditor's report (continued)

To the Executive Committee members of The Lok Sin Tong Benevolent Society, Kowloon

(Incorporated in Hong Kong as a Society and limited by guarantee)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Executive Committee members 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.

Certified Public Accountants

Hong Kong

29 November 2021

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$	2020 HK\$
INCOME			
Donations received		13,661,333	27,187,570
Contributions from members		5,040,000	5,117,000
Subventions from Social Welfare Department		159,017,948	131,820,530
Government subvention		13,758,672	4,982,787
Medical fee income		16,700,444	18,308,145
Residential services income		18,720,158	18,577,876
Rental income		18,533,501	17,737,052
Other income	4	31,298,415	20,344,471
		<u>276,730,471</u>	<u>244,075,431</u>
Fair value changes of investment properties	12	40,500,000	(21,870,000)
DIRECT EXPENDITURE			
Cost of medicine consumed		(2,738,304)	(3,105,132)
Staff costs		<u>(118,183,411)</u>	<u>(122,536,929)</u>
		<u>(120,921,715)</u>	<u>(125,642,061)</u>
OTHER EXPENDITURE			
Staff costs (including units supporting staff)		(36,935,907)	(31,889,760)
Donations, subsidies and subventions to:			
- Schools and kindergartens		(178,428)	(1,691,447)
- Elderly homes and centres		-	(2,269)
- Other community projects		(11,464,358)	(7,211,845)
Scholarships paid		(390,800)	(384,350)
Other operating expenditure		<u>(76,917,798)</u>	<u>(35,505,755)</u>
		<u>(125,887,291)</u>	<u>(76,685,426)</u>
SURPLUS FOR THE YEAR	6	70,421,465	19,877,944
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive income/(expense) maybe reclassified to statement of comprehensive income in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair values	13	<u>1,331,353</u>	<u>(8,596,538)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>1,331,353</u>	<u>(8,596,538)</u>
TOTAL COMPREHANSIVE INCOME FOR THE YEAR		<u><u>71,752,818</u></u>	<u><u>11,281,406</u></u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK\$	2020 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	9	43,841,690	34,829,301
Right-of-use assets	10	1,587,471	3,682,408
Investment properties	12	586,810,000	546,310,000
Equity investments designated at fair value through other comprehensive income	13	<u>22,406,858</u>	<u>20,894,597</u>
Total non-current assets		<u>654,646,019</u>	<u>605,716,306</u>
CURRENT ASSETS			
Inventories		1,660,849	852,964
Accounts receivable, deposits and prepayments	14	56,705,698	31,749,065
Due from associated corporations	30(b)	4,886,955	6,849,413
Pledged bank deposit	15	1,409,103	1,386,169
Cash and cash equivalents	15	<u>198,913,992</u>	<u>171,980,375</u>
Total current assets		<u>263,576,597</u>	<u>212,817,986</u>
CURRENT LIABILITIES			
Accounts and other payables, and rental deposits received	16	58,181,316	29,371,572
Lease liabilities	11	1,373,926	2,094,796
Temporary receipts	17	<u>10,826,580</u>	<u>11,412,987</u>
Total current liabilities		<u>70,381,822</u>	<u>42,879,355</u>
NET CURRENT ASSETS		<u>193,194,775</u>	<u>169,938,631</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>847,840,794</u>	<u>775,654,937</u>
NON-CURRENT LIABILITIES			
Lease liabilities	11	<u>226,690</u>	<u>1,600,617</u>
Net assets		<u>847,614,104</u>	<u>774,054,320</u>

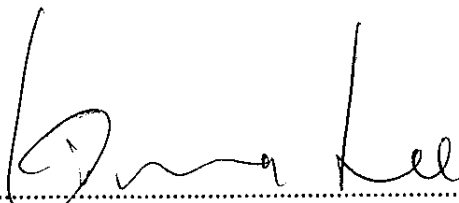
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THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

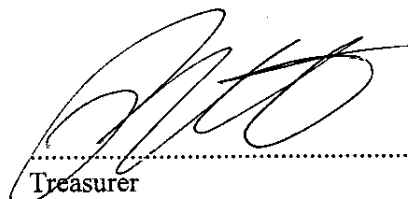
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Notes	2021 HK\$	2020 HK\$
FUND AND RESERVES			
Accumulated Fund	18	49,191,749	12,044,339
Revaluation reserve for equity investments designated at fair value through other comprehensive income	19	12,347,921	11,016,568
Specific funds:			
- Lok Sin Tong Yu Kan Hing Secondary School Building Fund	20	1,500,798	1,557,445
- Lok Sin Tong Wong Chung Ming Secondary School Building Fund	21	6,830,847	7,088,671
- Lok Sin Tong Kindergarten Development Fund	22	8,096,770	8,037,377
- Lok Sin Tong Charity Development Fund	23	744,352,657	710,322,685
- Lok Sin Mansion Repairs and Maintenance Fund	24	4,349,338	3,111,003
- Lok Sin Tong Scholarship Fund	25	15,703,507	15,007,754
- Lok Sin Tong Caring Fund	26	5,240,517	5,868,478
Total fund and reserves		<u>847,614,104</u>	<u>774,054,320</u>



Chairman
Lee Yuk Pui, Kawina, MH



Treasurer
Lee Shing Put, BBS

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

CONSOLIDATED STATEMENT OF CHANGES IN FUND AND RESERVES

Year ended 31 March 2021

	Accumulated Fund HK\$ (note 18)	Revaluation reserve for equity investments designated at fair value through other comprehensive income HK\$ (note 19)	Lok Sin Tong Yu Kan Hing Secondary School Building Fund HK\$ (note 20)	Lok Sin Tong Wong Chung Ming Secondary School Building Fund HK\$ (note 21)	Lok Sin Tong Kindergarten Development Fund HK\$ (note 22)	Lok Sin Tong Charity Development Fund HK\$ (note 23)	Lok Sin Mansion Repairs and Maintenance Fund HK\$ (note 24)	Lok Sin Tong Scholarship Fund HK\$ (note 25)	Lok Sin Tong Caring Fund HK\$ (note 26)	Total HK\$
At 1 April 2019	50,610,902	19,613,106	1,614,092	7,346,495	7,954,553	653,773,960	1,859,552	13,982,004	6,064,183	762,818,847
Fund transferred during the year	(45,933)	-	-	-	-	(1,200,000)	1,200,000	-	-	(45,933)
Surplus for the year	19,877,944	-	-	-	-	-	-	-	-	19,877,944
Other comprehensive income for the year:										
Changes in fair values of equity investments designated at fair value through other comprehensive income	-	(8,686,141)	-	-	-	-	-	89,603	-	(8,596,538)
Total comprehensive income/(expense) for the year	19,832,011	(8,686,141)	-	-	-	(1,200,000)	1,200,000	89,603	-	11,235,473
Transfers	(58,398,574)	89,603	(56,647)	(257,824)	82,824	57,748,725	51,451	936,147	(195,705)	-
At 31 March 2020 and 1 April 2020	12,044,339	11,016,568	1,557,445	7,088,671	8,037,377	710,322,685	3,111,003	15,007,754	5,868,478	774,054,320
Fund transferred during the year	1,806,966	-	-	-	-	(1,200,000)	1,200,000	-	-	1,806,966
Surplus for the year	70,421,465	-	-	-	-	-	-	-	-	70,421,465
Other comprehensive income for the year:										
Changes in fair values of equity investments designated at fair value through other comprehensive income	-	1,331,353	-	-	-	-	-	-	-	1,331,353
Total comprehensive income/(expense) for the year	72,228,431	1,331,353	(56,647)	(257,824)	59,393	(1,200,000)	1,200,000	695,753	(627,961)	73,559,784
Transfers	(35,081,021)	-	(56,647)	(257,824)	59,393	35,229,972	38,335	695,753	(627,961)	-
At 31 March 2021	49,191,749	12,347,921	1,500,798	6,830,847	8,096,770	744,352,657	4,349,338	15,703,507	5,240,517	847,614,104

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK\$	2020 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		70,421,465	19,877,944
Adjustments for:			
Bank interest income	4	(947,289)	(1,894,101)
Fair value changes of investment properties	12	(40,500,000)	21,870,000
Dividend income from equity investments designated at fair value through other comprehensive income	4	(954,145)	(1,341,480)
Loss on write-off of items of property, plant and equipment	6	735	11,259
Depreciation of property, plant and equipment	6	7,031,158	4,722,680
Depreciation of right-of-use assets	6	2,094,937	1,473,348
Interest expenses on lease liabilities	11	28,267	33,955
		<u>37,175,128</u>	<u>44,753,605</u>
Increase in inventories		(807,885)	(250,862)
Increase in accounts receivable, deposits and prepayments		(24,956,633)	(10,945,471)
Increase in accounts and other payables, and rental deposits received		28,809,744	14,092,840
Increase/(decrease) in temporary receipts		(586,407)	3,498,473
Decrease in amount with associated corporations		<u>1,962,458</u>	<u>3,791,330</u>
Net cash flows from operating activities		<u>41,596,405</u>	<u>54,939,915</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		947,289	1,894,101
Dividends received		773,237	967,887
Purchases of items of property, plant and equipment		(16,044,282)	(14,372,835)
Decrease/(increase) in short-term bank deposits with original maturities over three months		(9,968,514)	38,269,145
Decrease/(increase) in pledged bank deposit		(22,934)	2,107,928
Net cash flows from/(used in) investing activities		<u>(24,315,204)</u>	<u>28,866,226</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	11	(2,094,797)	(1,460,343)
Interest paid		(28,267)	(33,955)
Fund obtained/(utilised)		<u>1,806,966</u>	<u>(45,933)</u>
Net cash flows used in financing activities		<u>(316,098)</u>	<u>(1,540,231)</u>

continued/...

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2021

	Notes	2021 HK\$	2020 HK\$
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,965,103	82,265,910
Cash and cash equivalents at beginning of year		<u>138,392,493</u>	<u>56,126,583</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>155,357,596</u>	<u>138,392,493</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	15	198,913,992	171,980,375
Less: short-term bank deposits with original maturities over three months		<u>(43,556,396)</u>	<u>(33,587,882)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		<u>155,357,596</u>	<u>138,392,493</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

1. CORPORATE INFORMATION

The Lok Sin Tong Benevolent Society, Kowloon (the "Society") is a non-profit making organisation incorporated in Hong Kong on 17 January 1963 as an entity limited by guarantee. The Society aims to provide welfare to the public, mainly in the areas of education, elderly services and medical services. Its principal activities are therefore to provide clinic services, to make donations and subventions to its kindergartens, schools, elderly homes and centres, to govern the operations of those units and to sponsor other community projects.

Pursuant to the Society's Memorandum of Association, every member shall, in the event of the Society being wound up, contribute to the assets of the Society at an amount not exceeding HK\$10.

The registered office of the Society is located at 61 Lung Kong Road, Kowloon City, Kowloon, Hong Kong.

Information about divisions

The Executive Committee members of the Society have the final decision on each division's matter. Particulars of the principal divisions, which are the elderly homes and clinics controlled by the Society, are as follows:

Name	Place of incorporation/ registration and business	Registered Funds	Percentage of equity attributable to the Society		Principal activities
			2021	2020	
Lok Sin Tong Hoi Wang Road Nursing Home	Hong Kong	HK\$1,500,000	100	100	Elderly services
Social Welfare Service Division	Hong Kong	HK\$7,065,322	100	100	Elderly services
Medical clinics of The Lok Sin Tong Benevolent Society, Kowloon ("Medical Clinics")	Hong Kong	Nil*	100	100	Medical services

Note:

* The Medical Clinics are operating units under the Society with no registered funds.

The above table lists the divisions of the Society which, in the opinion of the Executive Committee members, principally affected the results for the period or formed a substantial portion of the net assets of the Society and its divisions (collectively referred to as the "Group"). To give details of other divisions would, in the opinion of the Executive Committee members, result in particulars of excessive length.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2.1 BASIS OF PRESENTATION AND PREPARATION

These consolidated financial statements have been prepared under the historical cost convention, except for investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. They are presented in Hong Kong dollars ("HK\$"), which is also the Group's functional currency.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* ("*Conceptual Framework*") and the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the Conceptual Framework and above revised standards has had no significant financial effect on these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the new and revised HKFRSs, that have been issued but are not yet effective for the accounting year ended 31 March 2021 in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Society and its divisions for the year ended 31 March 2021. A division is an entity (including a structured entity), directly or indirectly, controlled by the Society. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Society has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the divisions are prepared for the same reporting period as the Society, using consistent accounting policies. The results of divisions are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributable to the ordinary equity holders of the Society and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a division, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a division, it derecognises (i) the assets (including goodwill) and liabilities of the division, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the consolidated statement of comprehensive income in the year in which it arises.

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the Society;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of the Society, division or fellow division of the Society);
 - (iii) the entity and the Group 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 Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (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 the Society); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Society.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Items of property, plant and equipment, including leasehold land classified as finance lease, are stated at cost or valuation less accumulated depreciation and any impairment losses. School buildings and leasehold land and buildings acquired in or before 1975 are stated at Executive Committee members' valuation by reference to open market value as at 31 December 1975. Additions made subsequent to the valuation are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

<i>Right-of-use assets</i>	
Buildings	Over the lease terms
<i>Owned assets</i>	
Leasehold land	Over the lease terms
Hostel	2.78%
Buildings and school buildings	2% to 2.35%
Leasehold improvements	20%
Furniture, fixtures and clinic equipment	20%
Air-conditioners	20%
Computer equipment	33.33%
Motor vehicles	33.33%

The gain or loss on disposal of items of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the consolidated statement of comprehensive income.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of comprehensive income in the year of the retirement or disposal.

Leases

Lessee

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis. Right-of-use assets are recognised under property, plant and equipment and are measured at cost or valuation less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms. Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Lessor

Where the Group is the lessor, assets leased by the Group are included in non-current assets, and rentals receivable are credited to the consolidated statement of comprehensive income on the straight-line basis over the lease terms.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Group commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

Debt instruments are measured at fair value through other comprehensive income if the assets' contractual cash flows represent solely payments of principal and interest and the assets are held for collection of contractual cash flows and for selling the financial assets. Such financial assets are subsequently measured at fair value with any gains or losses from changes in fair value recognised in other comprehensive income, except for impairment losses and reversal, foreign exchange gains and losses and interest calculated using the effective interest rate method which are recognised in the consolidated statement of profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to the consolidated statement of profit or loss when the financial asset is derecognised.

Debt instruments that do not meet the criteria for amortised cost or as financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. Interest income for these financial assets is included in finance income.

Equity investments are measured at fair value through profit or loss unless, on initial recognition, the Group has irrevocably elected to designate such investments that are not held for trading as equity investments at fair value through other comprehensive income. Dividends of such investments are recognised in the consolidated statement of comprehensive income when the Group's right to receive payment is established. Changes in the fair value of such investments are recognised in other comprehensive income and are never recycled to the consolidated statement of profit or loss even when the assets are sold.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

(b) Impairment

The Group applies the expected credit loss model on all the financial assets that are subject to impairment. For the Group's financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Group is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Group has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

The Group's financial liabilities include accounts and other payables, and rental deposits received. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories comprise medicine and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

- (a) Donation income and contributions from Executive Committee is accounted when received;
- (b) Government grant and government subvention is recognised when there is reasonable assurance that the Group will comply with all attaching conditions and that the grant will be received; and
- (c) Medical fee and residential services income is recognised when the service is rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

- (a) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;
- (b) Dividend income is recognised when the right to receive payment has been established;
- (c) Programme income is recognised when the event is held;
- (d) Accountancy, management and service fee income is recognised when the service is rendered; and
- (e) Sundry income is recognised on an accrual basis.

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of comprehensive income.

Specific funds

Specific funds are funds set aside by the Group and are established from rental income and interest earned on savings and fixed deposits placed with financial institutions which are earmarked for specific purposes. Income and expenditure relating to these specific funds are dealt with in the Group's consolidated statement of comprehensive income. Any net surpluses or deficits relating to these funds are transferred from the consolidated statement of comprehensive income to the respective specific funds.

Employee benefits

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires Executive Committee members to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accounting disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, Executive Committee members have made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Executive Committee members consider whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is described below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on accounts receivables

The Group uses a provision matrix to calculate ECLs for accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by source type and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products and inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's accounts receivables and is disclosed in note 14 to the consolidated financial statements.

4. OTHER INCOME

An analysis of other income is as follows:

	Notes	2021 HK\$	2020 HK\$
Bank interest income		947,289	1,894,101
Dividend income from equity investments designated at fair value through other comprehensive income	(a)	954,145	1,341,480
Income from Charity Walk		1,195,705	1,713,021
Income from Cantonese Opera Night		667,600	-
Income from Flag Day	(b)	-	1,934,580
Income from Charity Candy Campaign	(c)	1,487,797	578,020
Income from Anniversary		457,002	1,789,373
Income from Inauguration Donation		551,800	97,980
Accountancy and management fees from kindergartens		321,600	321,600
Service fee	(d)	13,236,612	6,511,772
Sundry income		4,931,127	4,162,544
Government Employment Support Scheme subsidies	(e)	6,547,738	-
		<u>31,298,415</u>	<u>20,344,471</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

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4. OTHER INCOME (continued)

Notes:

- (a) Included in the dividend income was an amount of HK\$180,908 (2020: HK\$373,593) arising from scrip dividend received from the Group's listed equity investments during the year.
- (b) Last year balance represented gross proceeds of HK\$1,934,580 raised from the Group's Flag Day held on 6 July 2019 ("Flag Day 2019") less related expenditure of HK\$190,107. The net proceeds was therefore HK\$1,744,473.

The purpose of the Flag Day 2019 was to raise funds for subsidising the Group's primary care medical clinics of HK\$767,568, and charitable social welfare services including ethnic minority supporting services, speech therapy, free meal services, elderly services at Lok Sin Tong Hoi Wang Road Nursing Home, child after school support service and other services of HK\$976,905.

- (c) Current year balance represented gross proceeds of HK\$1,487,797 (2020: HK\$578,020) raised from the Charity Candy Campaign fund raising event less related expenditure of HK\$ 393,296 (2020: HK\$104,897). The net proceeds of the Charity Candy Campaign 2021 was therefore HK\$1,094,501 (2020: HK\$473,123).

The purpose of the Charity Candy Campaign fund raising event was to raise funds for supporting the Group's medical, education, elderly care and social welfare services.

- (d) Current year balance represented service fee received from support service provided to children with Special Education Need (SEN) of HK\$917,012 (2020: HK\$946,615), education service provided to families for the growth and development of children (CDF, UAP and FSC) of HK\$4,274,588 (2020: HK\$4,448,584), service provided to Ethnic Minorities (EM) of HK\$10,480 (2020: HK\$55,000), clinic of HK\$ 3,247,059 (2020: 256,578), elderly program of HK\$ 315,474 (2020: HK\$804,995) and food delivering service provided for Home Affairs Department ("HAD") of HK\$4,471,999 (2020: Nil).
- (e) There are no unfulfilled conditions or contingencies related to this subsidy.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

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5. INCOME

(i) Disaggregated revenue information

Timing of revenue recognition

	2021 HK\$	2020 HK\$
Goods transferred at a point in time	208,820,874	187,416,032
Services transferred over time	<u>18,720,158</u>	<u>18,577,876</u>
Total revenue from contracts with customers	<u>227,541,032</u>	<u>205,993,908</u>

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

	2021 HK\$	2020 HK\$
Residential service	<u>173,577</u>	<u>180,768</u>

(ii) Performance obligation

The performance obligation of residential service income is satisfied over time as service is rendered. Service contracts are for periods of one year or less, or are billed based on the time incurred.

6. SURPLUS FOR THE YEAR

The Group's surplus is arrived at after charging/(crediting):

	Notes	2021 HK\$	2020 HK\$
Depreciation on property, plant and equipment	9	7,031,158	4,722,680
Depreciation on right-of-use assets	10	2,094,937	1,473,348
Lease payments not included in the measurement of lease liabilities	11	585,733	898,805
Auditors' remuneration		<u>249,407</u>	<u>204,995</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

6. SURPLUS FOR THE YEAR (continued)

The Group's surplus is arrived at after charging/(crediting): (continued)

	2021 HK\$	2020 HK\$
Employee benefit expense*:		
Wages and salaries	149,325,412	148,669,957
Pension scheme contributions (defined contribution scheme)	<u>6,436,383</u>	<u>5,756,732</u>
	<u>155,761,795</u>	<u>154,426,689</u>
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	2,206,371	2,306,057
Rental income on investment properties	(18,533,501)	(17,737,052)
Loss on disposal of items of property, plant and equipment	<u>735</u>	<u>11,259</u>

* Out of employee benefit expense of HK\$155,761,795, wages and salaries of HK\$113,567,651 and pension scheme contribution of HK\$4,615,760 are included under direct expenditure while the remaining balances are included under "other expenditure" in the consolidated statement of comprehensive income.

7. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION

No Executive Committee members received any fees or emoluments in respect of their services rendered to the Group during the year ended 31 March 2021 (2020: Nil).

8. INCOME TAX

The Group is exempted from Hong Kong profits taxes under section 88 of the Hong Kong Inland Revenue Ordinance.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

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9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings held in Hong Kong under medium term HK\$	School buildings held in Hong Kong under medium term HK\$	Hostels for the aged held in Hong Kong under medium term HK\$	Leasehold improvements HK\$	Furniture, fixtures and clinic equipment HK\$	Air-conditioners HK\$	Computer equipment HK\$	Motor vehicles HK\$	Total HK\$
31 March 2021									
At 1 April 2020:									
Cost or valuation	1,561,760	13,363,181	10,955,441	60,647,351	27,170,312	407,630	1,858,231	6,516,700	122,480,606
Accumulated depreciation and impairment	(928,927)	(4,717,066)	(3,885,175)	(46,898,612)	(22,709,471)	(367,903)	(1,642,562)	(6,501,589)	(87,651,305)
Net carrying amount	632,833	8,646,115	7,070,266	13,748,739	4,460,841	39,727	215,669	15,111	34,829,301
At 1 April 2020, net of accumulated depreciation and impairment	632,833	8,646,115	7,070,266	13,748,739	4,460,841	39,727	215,669	15,111	34,829,301
Addition	-	-	-	9,757,220	4,063,108	10,190	1,182,289	1,031,475	16,044,282
Write-off	-	-	-	-	(778,492)	-	(77,391)	-	(855,883)
Depreciation provided during the year	(30,752)	(314,471)	(261,862)	(4,063,314)	(1,982,497)	(18,178)	(270,388)	(89,696)	(7,031,158)
Depreciation written back upon write-off	-	-	-	-	777,757	-	77,391	-	855,148
At 31 March 2021, net of accumulated depreciation and impairment	602,081	8,331,644	6,808,404	19,442,645	6,540,717	31,739	1,127,570	956,890	43,841,690

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings held in Hong Kong under medium term HK\$	School buildings held in Hong Kong under medium term HK\$	Hostels for the aged held in Hong Kong under medium term HK\$	Leasehold improvements HK\$	Furniture, fixtures and clinic equipment HK\$	Air- conditioners HK\$	Computer equipment HK\$	Motor vehicles HK\$	Total HK\$
31 March 2021 (continued)									
At 31 March 2021									
Cost or valuation	1,561,760	13,363,181	10,955,441	70,404,571	30,454,928	417,820	2,963,129	7,548,175	137,669,005
Accumulated depreciation and impairment	(959,679)	(5,031,537)	(4,147,037)	(50,961,926)	(23,914,211)	(386,081)	(1,835,559)	(6,591,285)	(93,827,315)
Net carrying amount	<u>602,081</u>	<u>8,331,644</u>	<u>6,808,404</u>	<u>19,442,645</u>	<u>6,540,717</u>	<u>31,739</u>	<u>1,127,570</u>	<u>956,890</u>	<u>43,841,690</u>
Analysis of cost or valuation:									
At cost	1,301,517	10,956,031	10,955,441	70,404,571	30,454,928	417,820	2,963,129	7,548,175	135,001,612
At Executives Committee members' valuation	<u>260,243</u>	<u>2,407,150</u>	-	-	-	-	-	-	<u>2,667,393</u>
	<u>1,561,760</u>	<u>13,363,181</u>	<u>10,955,441</u>	<u>70,404,571</u>	<u>30,454,928</u>	<u>417,820</u>	<u>2,963,129</u>	<u>7,548,175</u>	<u>137,669,005</u>

Certain land and buildings and school buildings stated above were erected on leasehold land granted by the HKSAR Government on the condition that the buildings thereon were used for charitable purposes. The HKSAR Government had the right to re-enter and take re-possession of these buildings if the Group ceases to utilise these buildings for charitable purposes.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON
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31 March 2021

9. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2020

	Land and buildings held in Hong Kong under medium term HK\$	School buildings held in Hong Kong under medium term HK\$	Hostels for the aged held in Hong Kong under medium term HK\$	Leasehold improvements HK\$	Furniture, fixtures and clinic equipment HK\$	Air-conditioners HK\$	Computer equipment HK\$	Motor vehicles HK\$	Total HK\$
At 1 April 2019:									
Cost or valuation	1,561,760	13,363,181	10,955,441	49,579,677	26,312,804	378,030	1,680,919	6,474,700	110,306,512
Accumulated depreciation and impairment	(898,175)	(4,402,595)	(3,623,313)	(45,912,340)	(21,862,365)	(326,109)	(1,616,510)	(6,474,700)	(85,116,107)
Net carrying amount	663,585	8,960,586	7,332,128	3,667,337	4,450,439	51,921	64,409	-	25,190,405
At 1 April 2019, net of accumulated depreciation and impairment	663,585	8,960,586	7,332,128	3,667,337	4,450,439	51,921	64,409	-	25,190,405
Addition	-	-	-	12,450,906	1,648,797	29,600	201,532	42,000	14,372,835
Write-off	-	-	-	(1,383,232)	(791,289)	-	(24,220)	-	(2,198,741)
Depreciation provided during the year	(30,752)	(314,471)	(261,862)	(2,358,421)	(1,638,219)	(41,794)	(50,272)	(26,889)	(4,722,680)
Depreciation written back upon write-off	-	-	-	1,372,149	791,113	-	24,220	-	2,187,482
At 31 March 2020, net of accumulated depreciation and impairment	632,833	8,646,115	7,070,266	13,748,739	4,460,841	39,727	215,669	15,111	34,829,301

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON
NOTES TO FINANCIAL STATEMENTS

31 March 2021

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings held in Hong Kong under medium term HK\$	School buildings held in Hong Kong under medium term HK\$	Hostels for the aged held in Hong Kong under medium term HK\$	Leasehold improvements HK\$	Furniture, fixtures and clinic equipment HK\$	Air-conditioners HK\$	Computer equipment HK\$	Motor vehicles HK\$	Total HK\$
31 March 2020 (continued)									
At 31 March 2020	1,561,760	13,363,181	10,955,441	60,647,351	27,170,312	407,630	1,858,231	6,516,700	122,480,606
Cost or valuation									
Accumulated depreciation and impairment	(928,927)	(4,717,066)	(3,885,175)	(46,898,612)	(22,709,471)	(367,903)	(1,642,562)	(6,501,589)	(87,651,305)
Net carrying amount	632,833	8,646,115	7,070,266	13,748,739	4,460,841	39,727	215,669	15,111	34,829,301
Analysis of cost or valuation:									
At cost	1,301,517	10,956,031	10,955,441	60,647,351	27,170,312	407,630	1,858,231	6,516,700	119,813,213
At Executives Committee members' valuation	260,243	2,407,150	-	-	-	-	-	-	2,667,393
	1,561,760	13,363,181	10,955,441	60,647,351	27,170,312	407,630	1,858,231	6,516,700	122,480,606

Certain land and buildings and school buildings stated above were erected on leasehold land granted by the HKSAR Government on the condition that the buildings thereon were used for charitable purposes. The HKSAR Government had the right to re-enter and take re-possession of these buildings if the Group ceases to utilise these buildings for charitable purposes.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

10. RIGHT-OF-USE ASSETS

The Group's right-of-use assets represent leases of buildings used in its operations. The leases for these buildings are negotiated for terms of two to three years.

The carrying amounts of the Group's right-of-use assets and the movements during the years are as follows:

	Buildings HK\$
As at 1 April 2019	2,431,547
Additions	2,724,209
Depreciation charge	<u>(1,473,348)</u>
As at 31 March 2020 and 1 April 2021	3,682,408
Depreciation charge	<u>(2,094,937)</u>
As at 31 March 2021	<u>1,587,471</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

11. LEASE LIABILITIES

Maturity profile of lease liabilities as at 31 March 2021 and 2020

	2021 HK\$	2020 HK\$
Within one year	1,382,563	2,123,064
After one year but within five years	<u>227,266</u>	<u>1,609,830</u>
Lease liabilities (undiscounted)	1,609,829	3,732,894
Discount amount	<u>(9,213)</u>	<u>(37,481)</u>
Lease liabilities (discounted)	<u>1,600,616</u>	<u>3,695,413</u>
Current	<u>1,373,926</u>	<u>2,094,796</u>
Non-current	<u>226,690</u>	<u>1,600,617</u>

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 31 March 2021 was 1.03% (2020: 1.03%).

Movements of carrying amounts of lease liabilities for the years ended 31 March 2021 and 2020

	HK\$
At 1 April 2019	2,431,547
Additions	2,724,209
Accretion of interest	33,955
Payments	<u>(1,494,298)</u>
At 31 March 2020 and 1 April 2021	3,695,413
Accretion of interest	28,267
Payments	<u>(2,123,064)</u>
At 31 March 2021	<u>1,600,616</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

11. LEASE LIABILITIES (continued)

Amounts recognised in the consolidated statement of comprehensive income for the years ended 31 March 2021 and 2020

	2021 HK\$	2020 HK\$
Depreciation expense of right-of-use assets	2,094,937	1,473,348
Interest expense on lease liabilities	28,267	33,955
Expense relating to short-term leases (included in other operating expenditure)	<u>585,733</u>	<u>898,805</u>
	<u>2,708,937</u>	<u>2,406,108</u>

The Group had total cash outflows for leases of HK\$2,123,064 in 2021 (2020: HK\$1,494,298). The Group did not have any non-cash additions of right-of-use assets and lease liabilities in 2021 (2020: non-cash additions of right-of-use assets and lease liabilities HK\$2,724,209).

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

12. INVESTMENT PROPERTIES

	2021 HK\$	2020 HK\$
Carrying amount at beginning of year	546,310,000	568,180,000
Fair value changes	<u>40,500,000</u>	<u>(21,870,000)</u>
Carrying amount at end of year	<u><u>586,810,000</u></u>	<u><u>546,310,000</u></u>

The Executive Committee members of the Society have determined that the investment properties consist of two classes of assets, i.e. commercial and residential, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 March 2021 based on valuations performed by Dudley Surveyors (Hong Kong) Limited, a firm of independent professionally qualified property valuer at HK\$586,810,000. Each year, the Society's Executive Committee members decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Society's Executive Committee members have discussion with the valuer on the valuation assumptions and valuation results each year when the valuation is performed for annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 28 to the consolidated financial statements.

The investment properties are situated in Hong Kong and held under medium lease term.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

31 March 2021

	Fair value measurement categorised into			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Recurring fair value measurement for:				
Commercial properties	-	-	177,150,000	177,150,000
Residential properties	-	-	<u>409,660,000</u>	<u>409,660,000</u>
	-	-	<u><u>586,810,000</u></u>	<u><u>586,810,000</u></u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

12. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

31 March 2020

	Fair value measurement categorised into			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Recurring fair value measurement for:				
Commercial properties	-	-	165,450,000	165,450,000
Residential properties	-	-	380,860,000	380,860,000
	-	-	546,310,000	546,310,000

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	2021 HK\$	2020 HK\$
Carrying amount at beginning of year	546,310,000	568,180,000
Fair value changes	40,500,000	(21,870,000)
Carrying amount at end of year	586,810,000	546,310,000

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

12. INVESTMENT PROPERTIES (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range</u>
<u>2021</u>			
Properties - commercial	Direct comparison Approach	Location Size	-20% to 20% -8.5% to 6%
		Average unit market Price per square foot	HK\$6,300 to HK\$14,300
Properties - residential	Direct comparison approach	Floor	-3.3% to 0.6%
		Average unit market price per square foot	HK\$11,400
<u>2020</u>			
Properties - commercial	Direct comparison approach	Location Size	-20% to 20% -8.5% to 6%
		Average unit market price per square foot	HK\$5,800 to HK\$13,700
Properties - residential	Direct comparison approach	Floor	-2.1% to 0%
		Average unit market price per square foot	HK\$10,600

The fair value of the Group's investment properties is determined using the direct comparison approach by reference to the recent sales price of comparable properties in the open market, adjusted for size, location, floor level and quality of the Group's investment properties compared to the recent sales. The fair value measurement is positively correlated to the unobservable inputs that the higher the adjustment rate and unit market price will result in a higher fair value.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

13. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2021 HK\$	2020 HK\$
Carrying amount at beginning of year		20,894,597	29,117,542
Additions	31	180,908	373,593
Change in fair values	19, 25	<u>1,331,353</u>	<u>(8,596,538)</u>
Carrying amount at end of year		<u>22,406,858</u>	<u>20,894,597</u>

The above investments consist of investments in equity securities which were designated as equity investments designated at fair value through other comprehensive income and have no fixed maturity date or coupon rate. The equity investments were irrevocably designated at fair value through other comprehensive income as the Group considered these are long-term investments that are not expected to be sold in the short to medium term.

	2021 HK\$	2020 HK\$
Listed equity investments, at fair value:		
Hong Kong	19,483,483	18,610,321
Elsewhere	<u>2,923,375</u>	<u>2,284,276</u>
	<u>22,406,858</u>	<u>20,894,597</u>

The above investments are assets under the following two funds:

	2021 HK\$	2020 HK\$
Scholarship Fund	17,069,364	15,755,707
Accumulated Fund	<u>5,337,494</u>	<u>5,138,890</u>
	<u>22,406,858</u>	<u>20,894,597</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

14. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Note	2021 HK\$	2020 HK\$
Accounts receivable	(a)	17,940,400	21,851,658
Deposits		1,203,573	1,143,897
Prepayments		1,593,986	1,319,797
Temporary payments		<u>35,967,739</u>	<u>7,433,713</u>
		<u>56,705,698</u>	<u>31,749,065</u>

Impairment for the years ended 31 March 2021 and 2020

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by service type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In view of the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances related to accounts receivable.

Note:

(a) Accounts receivable

The ageing of accounts receivable based on past due days is as follows:

	2021 HK\$	2020 HK\$
1 to 3 months past due	3,465,128	4,395,816
More than 3 months but within 1 year past due	<u>14,475,272</u>	<u>17,455,842</u>
	<u>17,940,400</u>	<u>21,851,658</u>

Based on historical loss records and economic conditions, the Group is of opinion that the expected credit losses of the above balances related to accounts receivable are minimal.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

15. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSIT

	2021 HK\$	2020 HK\$
Cash and bank balance	100,094,362	84,632,830
Time deposit	<u>100,228,733</u>	<u>88,733,714</u>
	200,323,095	173,366,544
Less: Pledged deposit	<u>(1,409,103)</u>	<u>(1,386,169)</u>
Cash and cash equivalents	<u>198,913,992</u>	<u>171,980,375</u>

At 31 March 2021, bank deposit of HK\$1,409,103 (2020: HK\$1,386,169) has been pledged to a bank which provides a bank guarantee on behalf of the Society amounting to HK\$1,362,334 (2020: HK\$1,362,334).

The average effective interest rate on the pledged bank deposit is 0.30% per annum (2020: 1.65% per annum). The deposit has a maturity of 365 days (2020: 366 days) and is denominated in HK\$.

The cash and cash equivalents of the Group are denominated in HK\$.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

16. ACCOUNTS AND OTHER PAYABLES, AND RENTAL DEPOSITS RECEIVED

	Notes	2021 HK\$	2020 HK\$
Accounts and other payables	(a)	39,190,865	10,784,819
Rental deposits received		3,862,984	3,877,550
Provision for unused annual leave		1,077,462	850,760
Provision for long service payment		679,318	1,057,091
Deferred revenue		12,935,570	12,591,404
Contract liabilities	(b)	318,301	173,577
Receipt in advance		116,816	36,371
		<u>58,181,316</u>	<u>29,371,572</u>

Notes:

- (a) Balances are non-interest-bearing and are normally settled within 90-day terms.
- (b) Details of contract liabilities as at 31 March 2021 and 31 March 2020 are as follows:

	2021 HK\$	2020 HK\$
Short-term advances received from customers:		
Residential service	<u>318,301</u>	<u>173,577</u>

17. TEMPORARY RECEIPTS

Included in the balance are funds of HK\$1,353,661 (2020: HK\$1,353,661) held on behalf of Lok Sin Tong Yu Kan Hing Evening Secondary School which had temporarily suspended its operation since September 2002, and HK\$1,649,678 (2020: HK\$1,649,678) held on behalf of Lok Sin Tong Wong Chung Ming Evening School which had temporarily suspended its operation since September 2004.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

18. ACCUMULATED FUND

	Notes	2021 HK\$	2020 HK\$
Beginning of the year		12,044,339	50,610,902
Surplus for the year		70,421,465	19,877,944
Fund made available/(utilised) during the year		1,806,966	(45,933)
Transferred from/(to):			
Revaluation reserve for equity investments designated at fair value through other comprehensive income	19	-	(89,603)
Lok Sin Tong Yu Kan Hing Secondary School Building Fund	20	56,647	56,647
Lok Sin Tong Wong Chung Ming Secondary School Building Fund	21	257,824	257,824
Lok Sin Tong Kindergarten Development Fund	22	(59,393)	(82,824)
Lok Sin Tong Charity Development Fund	23	(35,229,972)	(57,748,725)
Lok Sin Mansion Repairs and Maintenance Fund	24	(38,335)	(51,451)
Lok Sin Tong Scholarship Fund	25	(695,753)	(936,147)
Lok Sin Tong Caring Fund	26	627,961	195,705
End of the year		<u>49,191,749</u>	<u>12,044,339</u>

19. REVALUATION RESERVE FOR EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2021 HK\$	2020 HK\$
Beginning of the year		11,016,568	19,613,106
Changes in fair value	13	1,331,353	(8,686,141)
Surplus transferred from Accumulated Fund for the year	18	-	89,603
End of the year		<u>12,347,921</u>	<u>11,016,568</u>
Represented by:			
Accumulated Fund		851,483	652,879
Scholarship Fund		<u>11,496,438</u>	<u>10,363,689</u>
End of the year		<u>12,347,921</u>	<u>11,016,568</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

20. LOK SIN TONG YU KAN HING SECONDARY SCHOOL BUILDING FUND

	Note	2021 HK\$	2020 HK\$
Beginning of the year		1,557,445	1,614,092
Deficit transferred to Accumulated Fund for the year	18	<u>(56,647)</u>	<u>(56,647)</u>
End of the year		<u>1,500,798</u>	<u>1,557,445</u>

The fund was setup for the construction of the building of the Lok Sin Tong Yu Kan Hing Secondary School.

21. LOK SIN TONG WONG CHUNG MING SECONDARY SCHOOL BUILDING FUND

	Note	2021 HK\$	2020 HK\$
Beginning of the year		7,088,671	7,346,495
Deficit transferred to Accumulated Fund for the year	18	<u>(257,824)</u>	<u>(257,824)</u>
End of the year		<u>6,830,847</u>	<u>7,088,671</u>

The fund was setup for the construction of the building of the Lok Sin Tong Wong Chung Ming Secondary School.

22. LOK SIN TONG KINDERGARTEN DEVELOPMENT FUND

	Note	2021 HK\$	2020 HK\$
Beginning of the year		8,037,377	7,954,553
Surplus transferred from Accumulated Fund for the year	18	<u>59,393</u>	<u>82,824</u>
End of the year		<u>8,096,770</u>	<u>8,037,377</u>

The fund was setup primarily for kindergartens' operating purposes.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

23. LOK SIN TONG CHARITY DEVELOPMENT FUND

	Notes	2021 HK\$	2020 HK\$
Beginning of the year		710,322,685	653,773,960
Surplus transferred from Accumulated Fund for the year	18	35,229,972	57,748,725
Transfer to Lok Sin Mansion Repairs and Maintenance Fund for the year	24	(1,200,000)	(1,200,000)
End of the year		<u>744,352,657</u>	<u>710,322,685</u>

The fund was setup for property investments from which rental income is generated for charitable purpose.

24. LOK SIN MANSION REPAIRS AND MAINTENANCE FUND

	Notes	2021 HK\$	2020 HK\$
Beginning of the year		3,111,003	1,859,552
Surplus transferred from Accumulated Fund for the year	18	38,335	51,451
Transfer from Lok Sin Tong Charity Development Fund for the year	23	<u>1,200,000</u>	<u>1,200,000</u>
End of the year		<u>4,349,338</u>	<u>3,111,003</u>

The fund was setup for repairs and maintenance costs to be incurred for Lok Sin Mansion.

25. LOK SIN TONG SCHOLARSHIP FUND

	Notes	2021 HK\$	2020 HK\$
Beginning of the year		15,007,754	13,982,004
Net fair value gain	13	-	89,603
Surplus transferred from Accumulated Fund for the year	18	<u>695,753</u>	<u>936,147</u>
End of the year		<u>15,703,507</u>	<u>15,007,754</u>

The fund was setup for holding investment securities to earn dividend income from which scholarships are paid.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

26. LOK SIN TONG CARING FUND

	Note	2021 HK\$	2020 HK\$
Beginning of the year		5,868,478	6,064,183
Deficit transferred to Accumulated Fund for the year	18	(627,961)	(195,705)
End of the year		<u>5,240,517</u>	<u>5,868,478</u>

The fund was setup for providing a rapid response to people with imminent needs to overcome their financial hardship under special and emergency situation.

27. CONTINGENT LIABILITIES

In addition to the pledged deposit as set out in note 15, the Society has also given a counter indemnity of HK\$1,362,334 (2020: HK\$1,362,334) to the bank for the bank guarantee issued.

28. OPERATING LEASE COMMITMENTS

As lessor

The Group leases its investment properties (note 12) under operating lease arrangements, with leases negotiated for terms ranging from two to four years. The terms of the leases generally also require the tenants to pay security deposits.

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

	2021 HK\$	2020 HK\$
Within one year	15,316,800	15,871,800
In the second to fifth years, inclusive	<u>4,489,700</u>	<u>11,118,000</u>
	<u>19,806,500</u>	<u>26,989,800</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

29. COMMITMENTS

At 31 March 2021, the Group had no capital commitments (2020: HK\$13,599,110) relating to the construction of Lok Sin Tong Primary School for Transitional Housing and commitments of HK\$10,763,350 (2020: Nil) relating to the construction of Sung Wong Toi Transitional Housing.

30. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

In addition to those transactions detailed elsewhere in these consolidated financial statements, the Group had the following transaction with related parties during the year:

	2021 HK\$	2020 HK\$
Contributions from members	<u>5,040,000</u>	<u>5,117,000</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Outstanding balances with related parties

Amounts due from related parties:

	Notes	2021 HK\$	2020 HK\$
- Lok Sin Tong Kindergartens	(i)	1,534,950	2,812,870
- Lok Sin Tong Social Housing Scheme Company Limited ("SHSCL")	(ii)	3,352,005	4,026,543
- Executive Committee members		-	10,000
		<u>4,886,955</u>	<u>6,849,413</u>

Notes:

- (i) Lok Sin Tong Kindergartens are related parties where Dr. Pang Chi Wang, Peter, Dr. Su Yu Hong, Ir. Kwok Yu Won, Eric, MH, Ms. Chan Jeanette, Mrs. Chan Lee Yuk Pui, Kawina, Mr. Leung Siu On, Clifford, MH, Mr. Sze Kyran, MH, Mr. Chan Kin Ping, Chris, BBS, JP, Mr. Lee Shing Put, BBS, Mr. Lee Shing Kan, Ms. Lee Pui Ah and Dr. Li Mow Ming, Sonny, Executive Committee members of the Society, are Incorporated Management Committee members of these related parties.
- (ii) SHSCL is a related company where Ir. Kwok Yu Won, Eric, MH and Mr. Leung Siu On, Clifford, MH, Executive Committee members of the Society, are directors of this related company.
- (iii) These balances with related parties are unsecured, interest-free and repayable on demand.

31. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the year ended 31 March 2021, the Group received scrip dividends of HK\$180,908 (2020: HK\$373,593) from its equity investments designated at fair value through other comprehensive income (note 13).

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 March 2021

Financial assets

	Financial assets at fair value through other comprehensive income HK\$	Financial assets at amortised cost HK\$	Total HK\$
Equity investments designated at fair value through other comprehensive income	-	22,406,858	22,406,858
Accounts receivable	17,940,400	-	17,940,400
Due from associated corporations	4,886,955	-	4,886,955
Pledged bank deposit	1,409,103	-	1,409,103
Cash and cash equivalents	198,913,992	-	198,913,992
	<u>223,150,450</u>	<u>22,406,858</u>	<u>245,557,308</u>

Financial liabilities

	Financial liabilities at amortised cost HK\$
Lease liabilities	1,600,616
Financial liabilities included in accounts and other payables, and rental deposits received	56,424,536
Temporary receipts	10,826,580
	<u>68,851,732</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

32. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 March 2020

Financial assets

	Financial assets at amortised cost HK\$	Financial assets at fair value through other comprehensive income HK\$	Total HK\$
Equity investments designated at fair value through other comprehensive income	-	20,894,597	20,894,597
Accounts receivable	21,851,658	-	21,851,658
Due from associated corporations	6,849,413	-	6,849,413
Pledged bank deposit	1,386,169	-	1,386,169
Cash and cash equivalents	171,980,375	-	171,980,375
	<u>202,067,615</u>	<u>20,894,597</u>	<u>222,962,212</u>

Financial liabilities

	Financial liabilities at amortised cost HK\$
Lease liabilities	3,695,413
Financial liabilities included in accounts and other payables, and rental deposits received	27,463,721
Temporary receipts	<u>11,420,395</u>
	<u>42,579,529</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Financial assets				
Equity investments designated at fair value through other comprehensive income	<u>22,406,858</u>	<u>20,894,597</u>	<u>22,406,858</u>	<u>20,894,597</u>

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposit, financial assets included in accounts receivable, deposits and prepayments, financial liabilities included in accounts and other payables and rental deposits received, temporary receipts and amounts with associated corporations approximate to their carrying amounts largely due to the short-term maturities of these instruments.

At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group estimates the fair values of listed equity investments based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 March 2021

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Equity investments designated at fair value through other comprehensive income				
Listed equity investments	<u>22,406,858</u>	<u>-</u>	<u>-</u>	<u>22,406,858</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 March 2020

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Equity investments designated at fair value through other comprehensive income				
Listed equity investments	<u>20,894,597</u>	<u>-</u>	<u>-</u>	<u>20,894,597</u>

The Group did not have any financial liabilities measured at fair values as at 31 March 2021 (2020: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are equity price risk, credit risk and liquidity risk. The Executive Committee members review and agree policies for managing each of these risks and they are summarised below.

Equity price risk

The Group's exposure to equity price risk relates principally to the Group's investments in listed equity securities. The Group has set up a subcommittee to manage its investment portfolio.

If the prices of the respective listed equity investments had been 5% higher/(lower), with all other variables held constant, the Group's surplus for the year would have increase/(decrease) by approximately HK\$1,120,000 (2020: HK\$1,045,000) as a result of the changes in the fair value of the listed equity investments.

Credit risk

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, pledged bank deposit, amounts due from associated corporations, accounts receivable, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The risks associated with these financial assets and liabilities and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging as at 31 March

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

31 March 2021

	ECLs		12-month Lifetime ECLs		Total HK\$
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK\$	HK\$	HK\$	HK\$	
Accounts receivable	-	-	-	17,940,400	17,940,400
Due from associated corporations*	4,886,955	-	-	-	4,886,955
Pledged bank deposit*	1,409,103	-	-	-	1,409,103
Cash and cash equivalents*	198,913,992	-	-	-	198,913,992
	<u>205,210,050</u>	<u>-</u>	<u>-</u>	<u>17,940,400</u>	<u>223,150,450</u>

31 March 2020

	ECLs		12-month Lifetime ECLs		Total HK\$
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK\$	HK\$	HK\$	HK\$	
Accounts receivable	-	-	-	21,851,658	21,851,658
Due from associated corporations*	6,849,413	-	-	-	6,849,413
Pledged bank deposit*	1,386,169	-	-	-	1,386,169
Cash and cash equivalents*	171,980,375	-	-	-	171,980,375
	<u>180,215,957</u>	<u>-</u>	<u>-</u>	<u>21,851,658</u>	<u>202,067,615</u>

* The credit quality of the financial assets included in due from associated corporations, pledged bank deposit and cash and cash equivalents is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as "doubtful".

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group has a prudent liquidity risk management policy and maintains sufficient cash and short-term bank deposits.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 March 2021

	On demand HK\$	Less than 1 year HK\$	Over 1 year HK\$	Total HK\$
Lease liabilities	-	1,382,563	227,266	1,609,829
Financial liabilities included in accounts and other payables, and rental deposits received	-	56,424,536	-	56,424,536
Temporary receipts	-	10,826,580	-	10,826,580
Guarantee given to a bank	1,362,334	-	-	1,362,334
	<u>1,362,334</u>	<u>68,633,679</u>	<u>227,266</u>	<u>70,233,279</u>

31 March 2020

	On demand HK\$	Less than 1 year HK\$	Over 1 year HK\$	Total HK\$
Lease liabilities	-	2,123,064	1,609,830	3,732,894
Financial liabilities included in accounts and other payables, and rental deposits received	-	27,463,721	-	27,463,721
Temporary receipts	-	11,420,395	-	11,420,395
Guarantee given to a bank	1,362,334	-	-	1,362,334
	<u>1,362,334</u>	<u>41,007,180</u>	<u>1,609,830</u>	<u>43,979,344</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide welfare to the public, mainly in the areas of education, elderly services and medical services. The capital of the Group comprises its fund and reserves.

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

35. INCOME AND EXPENDITURE OF MEDICINE CLINICS

Medical Clinic of The Lok Sin Tong Benevolent Society, Kowloon
Statement of comprehensive income
Year ended 31 March 2021 and 31 March 2020

	2021 HK\$	2020 HK\$
INCOME		
General consultancy income	107,112	566,975
Dispensation charges	47,626	159,870
Body check charges	192,832	57,234
Others	166,418	53,483
	<u>513,988</u>	<u>837,562</u>
DIRECT EXPENDITURE		
Cost of medicine consumed	(103,553)	(110,291)
Clinic staff costs	(1,399,505)	(1,817,876)
	<u>(1,503,058)</u>	<u>(1,928,167)</u>
OTHER EXPENDITURE		
Advertisements expenses	(5,341)	(2,327)
Bank charges	(76)	(78)
Cleaning expenses	(13,871)	(10,877)
Depreciation expenses	(68,409)	(70,315)
Insurance	(15,066)	(16,280)
Materials consumed	(17,586)	(4,858)
Office expenses	(12,848)	(5,470)
Others	(42,146)	(5,075)
Rent & rates	(159,839)	(169,450)
Repair and maintenance	(25,895)	(23,847)
Transportation expenses	(1,338)	(397)
Utilities	(6,203)	(9,535)
	<u>(368,618)</u>	<u>(318,509)</u>
DEFICIT FOR THE YEAR	(1,357,688)	(1,409,114)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(1,357,688)</u>	<u>(1,409,114)</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

35. INCOME AND EXPENDITURE OF MEDICINE CLINICS (continued)

The Lok Sin Tong Chan Cho Chak Polyclinics, Mongkok
Statement of comprehensive income
Year ended 31 March 2021 and 31 March 2020

	2021 HK\$	2020 HK\$
INCOME		
General consultancy income	545,600	899,440
Specialised consultancy income	119,010	138,043
Dispensation charges	177,956	321,989
Body check charges	308,778	73,163
Others	368,350	79,906
	<u>1,519,694</u>	<u>1,512,541</u>
DIRECT EXPENDITURE		
Cost of medicine consumed	(243,194)	(344,252)
Clinic staff costs	(1,775,684)	(1,879,022)
	<u>(2,018,878)</u>	<u>(2,223,274)</u>
OTHER EXPENDITURE		
Advertisements expenses	(350)	(1,618)
Bank charges	(82)	(78)
Cleaning expenses	(37,294)	(27,838)
Depreciation expenses	(23,203)	(29,785)
Insurance	(14,249)	(14,605)
Materials consumed	(13,030)	(3,263)
Office expenses	(5,779)	(6,035)
Others	(18,773)	(3,479)
Rent & rates	(114,945)	(110,856)
Repair and maintenance	(11,196)	(19,449)
Transportation expenses	-	(84)
Utilities	(10,134)	(13,524)
	<u>(249,035)</u>	<u>(230,614)</u>
DEFICIT FOR THE YEAR	(748,219)	(941,347)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(748,219)</u>	<u>(941,347)</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

36. STATEMENT OF FINANCIAL POSITION OF THE SOCIETY

Information about the statement of financial position of the Society at the end of the reporting period is as follows:

	2021 HK\$	2020 HK\$
Property, plant and equipment	11,545,284	12,230,498
Right-of-use assets	1,587,471	3,682,408
Investment properties	586,810,000	546,310,000
Equity investments designated at fair value through other comprehensive income	<u>22,406,858</u>	<u>20,894,597</u>
Total non-current assets	<u>622,349,613</u>	<u>583,117,503</u>
CURRENT ASSETS		
Inventories	1,660,849	852,964
Accounts receivable, deposits and prepayments	53,204,135	21,667,533
Due from associated corporations	25,039,383	26,998,030
Pledged bank deposit	1,409,103	1,386,169
Cash and cash equivalents	<u>154,630,087</u>	<u>136,461,546</u>
Total current assets	<u>235,943,557</u>	<u>187,366,242</u>
CURRENT LIABILITIES		
Accounts and other payables, and rental deposits received	35,692,065	12,365,339
Lease liabilities	1,373,926	2,094,796
Temporary receipts	<u>4,186,853</u>	<u>5,508,355</u>
Total current liabilities	<u>41,252,844</u>	<u>19,968,490</u>
NET CURRENT ASSETS	<u>194,690,713</u>	<u>167,397,752</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>817,040,326</u>	<u>750,515,255</u>
NON-CURRENT LIABILITIES		
Lease liabilities	<u>226,690</u>	<u>1,600,617</u>
Net assets	<u><u>816,813,636</u></u>	<u><u>748,914,638</u></u>

continued/...

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

36. STATEMENT OF FINANCIAL POSITION OF THE SOCIETY (continued)

Information about the statement of financial position of the Society at the end of the reporting period is as follows: (continued)

	Note	2021 HK\$	2020 HK\$
FUND AND RESERVES			
Accumulated Fund	(a)	58,891,281	(13,095,343)
Revaluation reserve for equity investments designated at fair value through other comprehensive income		12,347,921	11,016,568
Specific funds:			
- Lok Sin Tong Yu Kan Hing Secondary School Building Fund		1,500,798	1,557,445
- Lok Sin Tong Wong Chung Ming Secondary School Building Fund		6,830,847	7,088,671
- Lok Sin Tong Kindergarten Development Fund		8,096,770	8,037,377
- Lok Sin Tong Charity Development Fund		703,852,657	710,322,685
- Lok Sin Mansion Repairs and Maintenance Fund		4,349,338	3,111,003
- Scholarship Fund		15,703,507	15,007,754
- Lok Sin Tong Caring Fund		5,240,517	5,868,478
Total fund and reserves		<u>816,813,636</u>	<u>748,914,638</u>

Note:

(a) Movement in Accumulated Fund

	2021 HK\$	2020 HK\$
Beginning of the year	(13,095,343)	29,452,624
Surplus for the year	66,502,361	16,072,186
Fund made available/(utilised) during the year	65,284	(221,579)
Transferred from/(to):		
- Lok Sin Tong Yu Kan Hing Secondary School Building Fund	56,647	56,647
- Lok Sin Tong Wong Chung Ming Secondary School Building Fund	257,824	257,824
- Lok Sin Tong Kindergarten Development Fund	(59,393)	(82,824)
- Lok Sin Tong Charity Development Fund	5,270,028	(57,748,725)
- Lok Sin Mansion Repairs and Maintenance Fund	(38,335)	(51,451)
- Scholarship Fund	(695,753)	(1,025,750)
- Lok Sin Tong Caring Fund	627,961	195,705
End of the year	<u>58,891,281</u>	<u>(13,095,343)</u>

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

NOTES TO FINANCIAL STATEMENTS

31 March 2021

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Executive Committee members on 29 November 2021.