

# China Coast Community

Annual Report *2019/2020*



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**CHINA COAST COMMUNITY**

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## OUR MISSION:

“To provide high quality, senior care services for the English speaking community.”

## OUR VALUES:

- **Compassion:** We demonstrate and foster empathy and sensitivity towards those we serve, their families and the whole community. (Personal Concern)
- **Integrity:** We are ethical, honest and trustworthy in our dealings with all people. (Fairness)
- **Respect:** We value each other and acknowledge our differences by actively listening to all points of view. (Courtesy & Privacy)
- **Continuous Improvement:** We are committed continuously to improve the quality of care we offer to all our clients. (High Quality Care)
- **Professionalism:** We ensure our staff receive ongoing training and performance review so that at all times we engage with and provide professional care to our clients and their relatives. (Staff Management)
- **Sustainability:** We strive to ensure the ongoing viability of CCC, to demonstrate our responsibility and accountability to our key stakeholders. (Effectiveness & Efficiency)

China Coast Community was constituted in 1978 by the incumbent Dean of St John's Cathedral.

The original intention was to build a facility to serve the needs of English speaking Elderly who wished to retire in Hong Kong, and the home opened in 1979. The China Coast Community home is located in Kowloon Tong and has since become a Hong Kong institution.

These days residents are many and varied, from diverse social and ethnic backgrounds. CCC became a fully licensed Care and Attention Home in April 2000, with nursing care provided on a 24 hour basis, and is an approved charity under Section 88 of the Inland Revenue Ordinance.

While highly subsidised by charitable donations, CCC does charge a monthly fee that varies depending on the period of residence required and the type of room requested. In the event that funds are not available to a resident, a room rate based upon the Comprehensive Social Security Assistance "CSSA" pension can be levied.

We are particularly grateful to the Hong Kong Jockey Club Charities Trust and its "CPG" grant to support those residents who are admitted under their CSSA pension status. Their grant ensures that the gap between the CSSA pension and our full fee is minimized, though it does not cover the gap in its entirety.

We strive not to turn anyone away for financial reasons but do expect those who can afford it, to pay their way.

Managing and administering such an establishment is costly and requires extensive fundraising every year to ensure that we cover our costs and continue to give quality elderly health care to the highest standard we can. Every year we cover a shortfall of income over operating expenses through sponsorships, donations and fund raising.

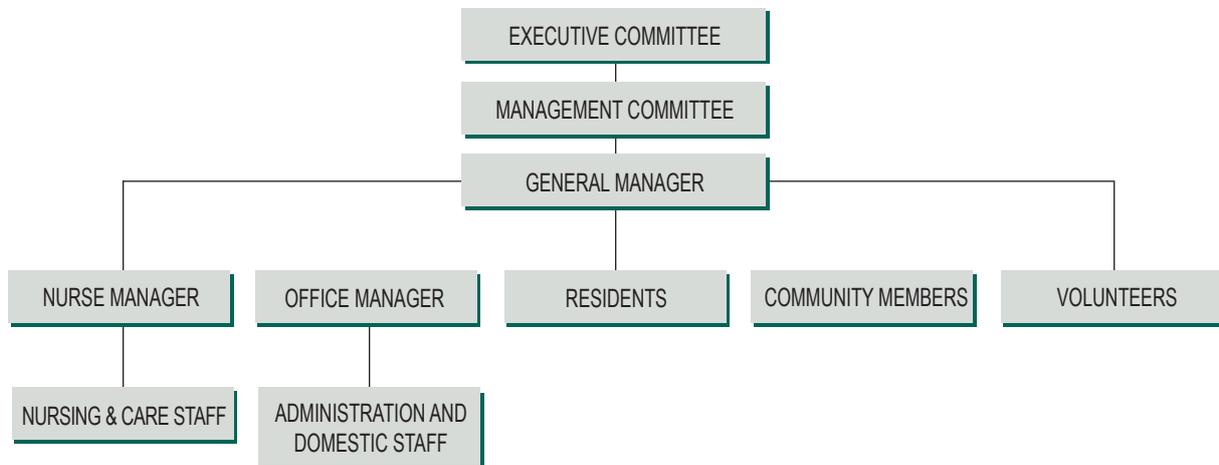
China Coast Community has over 90 community members who live in their own homes and who join in with our planned outings and activities. This allows the residents an opportunity to widen their circle of friends and ease any loneliness they may experience.

We continue to be grateful for the support of all our consistent and loyal donors and community members. Your support is essential to keeping CCC an affordable and high quality service for Hong Kong's English-speaking elderly. Thank you!

# ORGANISATION CHART



PATRON  
**LADY BETTY KADOORIE**



## MEMBERS OF THE EXECUTIVE COMMITTEE

CHAIRMAN	Ms Corinne Remedios
HON. LEGAL ADVISER	Mr David Fok
HON. TREASURER	Mr Aziz Hussain
HON. SECRETARY	Ms Sabita Prakash
HON. MEDICAL ADVISER	Dr Catherine Heath
MEMBERS	Mr William Ahern
	Ms Yeone Fok
	Mr Luke Harilela
	Rev. Ross Royden
	Mr Jonathan Addis

## MEMBERS OF THE MANAGEMENT COMMITTEE

CHAIR	Mr David Fok
MEMBERS	Dr Catherine Heath
	Rev. Ross Royden
	Sabita Prakash
	(Resigned)
	Aziz Hussain
	(Resigned)
	Ms Sue Lynn
	(General Manager)
	Ms Ngai Kit Yee, Katy
	(Nurse Manager)
	Ms Rita Chow
	(Office Manager)

The preventive precautions required by Covid-19 have overshadowed the lives of CCC's community for most of 2020. However, there have been some bright moments.

From February 2020 the strictly no visitors policy has impacted hard on our CCC community. All staff wear masks and have been repeatedly tested for Covid – all negative. For the best part of the year, and continuing, Residents have not been able to look forward to the cheeriness brought by family, friends and the many volunteers who used to drop by. Those who had hoped to join families abroad could not leave. Residents who attended hospital for treatment had to undergo quarantine upon their return. For the first time in a long while, there was no CCC Christmas Party and no Santa. However, with the heightened awareness and the necessary strict controls, I am happy to report that CCC has avoided any Covid-related incidents.

Nevertheless, CCC has said farewell in 2020 to Mr. Tam (86), Millie Momin (84) and Jessie Stewart (91). Our condolences go to their families.

The year was marred by repairs and maintenance. The drains repeatedly failed. The walls and the roof needed water-proofing. One of the heavy-duty laundry machines finally gave up.

All of the above underlined the pressing need to address CCC's future. A Report from Executive Counsel was commissioned as to our options, following the disappointment when our attempts to increase plot ratio had been rejected by the Town Planning Board. In late 2020, CCC's Executive Committee resolved to rebuild at 63 Cumberland Road. Under the able direction of Nick Burns, CCC has embarked on appointing consultants with a view to erecting a purpose-built facility that will enable CCC to provide up-to-date quality care for our Residents in a dignified and private setting.

As ever we are grateful to all our many benefactors, to name but a few: the Hong Kong Jockey Club Charities Trust, the Keswick Foundation, Ohel Leah Synagogue Charity, Dr Richard Charles and Esther Yewpick Lee Charitable Foundation, the Stapleton Foundation, the Hong Kong Freemasons and other Masonic Lodges, Shek O Golf and Country Club, Keswick Foundation and many others.

Despite the dictates of Covid, a remote visit from Santa was made possible by Simon Sadler; and virtual elves helped fill stockings: Shek O Ladies, the FCC, the United Jewish Congregation of Hong Kong and others. Christmas Lunch with all the trimmings was provided by Shek O Country Club, Mrs. Tam and Mr. & Mrs. Forsgate. This was happily accompanied by two magnums of champagne and chocolates from Lady Kadoorie, CCC's Patron.

Our thanks to General Manager Sue Lynn who has kept the Home safe and found ways despite the challenges to boost the spirit of CCC Residents and Staff: jigsaw puzzles, a donated robot and pizza were some of the ploys.

CCC looks forward to the first stage of its re-birth, like a phoenix from the ashes. We hope that our many friends will help make this possible.

**Corinne Marie D'Almada Remedios**  
Chairman

The last year has been a period of unprecedented challenge, chaos, resilience and collaboration. In the past, I have been able to report on the visits we all look forward to; the choirs, the musicians, the schoolchildren, the fun things that keep up the spirits of our Residents, but Covid caught us unawares. We suddenly found ourselves not only in short supply of face masks, hand sanitizers, toilet paper and other PPE's but for the first time in 40 years we found ourselves needing to restrict visitors, and stop our Residents from going out. Even Santa could not get here and we had to cancel our much awaited Ruby Gala celebrating 40 years of service to the community.

Covid has caused enormous disruption to everyone, but during this time our staff continued to provide the safest possible environment and high quality care to all our Residents.

I am extremely proud of the way our team rose to the challenge of Covid.

*"It has been a difficult year for everyone and so many of our normal activities have come to grief. We have all tried to keep our spirits up and are grateful to those who have sent messages and treats."*



Of course, it is most important to keep our **minds busy and our fingers agile**. An ideal way is to do jigsaws. We have been so very lucky to receive many puzzles of high quality and varying degrees of difficulty. We are very grateful to Mrs. Wing Soo for donating them regularly, providing us with endless enjoyment, staving off boredom and keeping our brains ticking over. Residents are able to make use of the puzzle area in the library. It gives a wonderful sense of achievement and some puzzles are being framed to enhance the area.

## Infection Control – keeping everyone safe



We cannot be too careful and in line with social distancing we installed these protective screens in the dining room. This allowed Residents to share table seating and continue to engage in conversation.

New trolleys have served to keep cleaning equipment handy and easily portable.

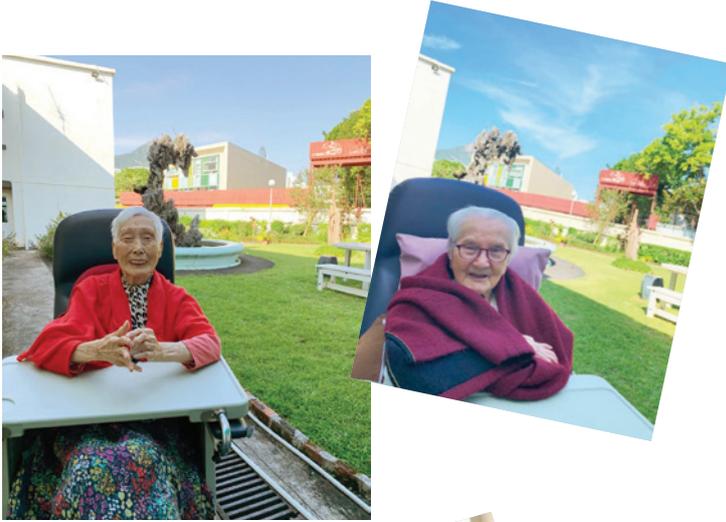


Mask wearing is vital



**The weather** has been most kind and we are so lucky to be able to take advantage of our beautiful garden where we can sit and enjoy the sun and fresh air.

This is a true privilege in Hong Kong.



We are lucky to be provided with good food. That said, there is always room for extra treats. **Pizza** is a real favourite with all of us, and we are lucky to have kind, thoughtful donors who know us very well and treat us to these lunches. That cheers us up. Viva Pizza! We also enjoy **McDonalds**.

At no time has infection control been more important. The outdoor handwashing facility was installed for staff and essential visitors.

It is absolutely essential that no one enters the home unless they have thoroughly washed their hands.



# MANAGER'S REPORT

**Occupational Therapy** is vital to the Residents' welfare. Friday morning is set aside for OT in the dining room with lots of encouragement from Angel to use the various games and equipment to keep brains and joints busy.



Festival times, such as Christmas, are ideal for **decoration making**, again, keeping us busy and focused. Paper chains and angels were this year's theme.

The angel idea was used to display photos of everyone here, Residents, staff and carers . Everyone had their own 'angel wings' and 'haloes' (deserved of course).



## MANAGER'S REPORT

Introducing our new Resident and staff member. **Meet TeMI.** She is a well-loved and well used robot. A wonderful help for Bingo, music and games. Another welcome donation.

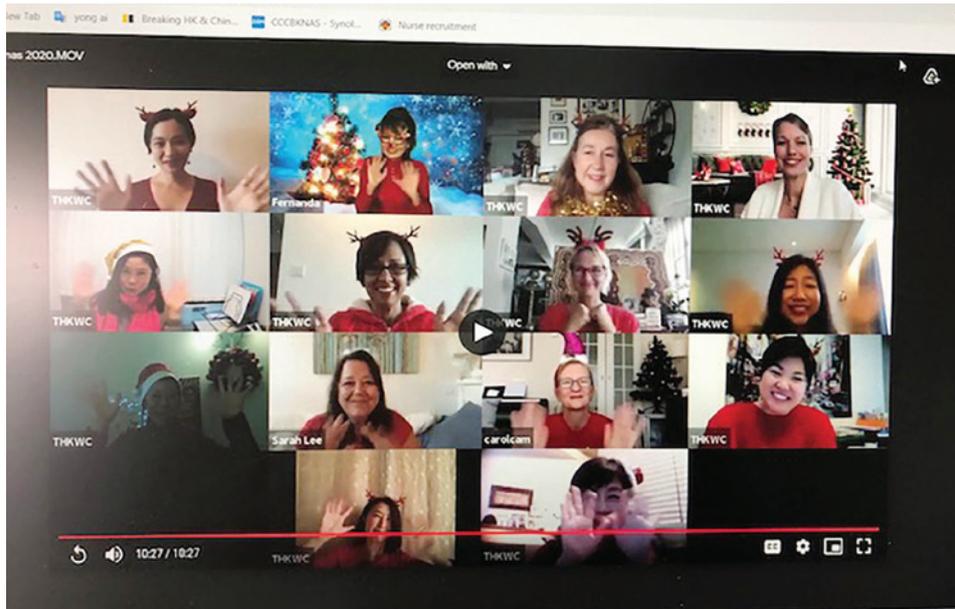


**Santa** hadn't forgotten us after all. Here is someone who really appreciated the generous Christmas gifts. As you see, these caused much excitement. So once again thanks a million to our wonderful donors.



A unique idea served once again to cheer us up around Christmas. The Hong Kong Women's Choir, The Hong Kong Singers and others, took the time and effort to sing carols for us. Not being able to visit did not deter these kind and talented people. They recorded their performances for us and we were able to watch and listen via **You Tube**, to Christmas Songs, old and new.

Thank you to these gifted friends and for your efforts.



It's hard to think of Margaret without visualising her in bright, cheerful and immaculate clothes. With a smiley face and a determined attitude, at one hundred years old she is upright and strong.

She served as a nurse and her outlook shows it. Margaret gives us a wonderful example of positivity and hope. Someone to be proud of. **Happy One Hundredth Birthday!** Go Margaret.

2020 proved very trying time for everyone. Sadly, we all suffered a great sense of loss this year when we said goodbye to a very special staff member and most of all a good friend. Annie passed away in April 2020 and we all miss her for her loving kindness, her hard work and sense of fun. She was always smiling and joking. This was a very brave lady who suffered illness for a long time. R.I.P Annie.

This year has been truly been a team effort. There was a significant amount of work to be done to ensure that our Residents and staff were safe. I would like to thank all our staff, who continued to show stamina, dedication and compassion during this time, and to our Residents and families who respected the strict actions we needed to take.



We thank all our great supporters,( 'Team CCC') for their ongoing support of well wishes, cards, gift boxes, lunches, presents, donations and You Tube presentations.

As a result of COVID -19 our volunteer activities came to a sudden halt. January 2020 was the last time, our wonderful volunteers visited.

We said good bye to a few who have returned 'home'. Tracie from Texas, who got everyone up boot scooting, Bingo Diane, Jennifer and her guitar, Reflexology Avice, Robbie is chatting down under and Stella decided these 'feet were made for walking' and retired.

We hope to see everyone back very soon.

2020 is now behind us. With continued social distancing and mask wearing, it is clear things are not going back to normal any time soon. We can only hope 2021 will allow us to welcome everyone back to CCC.



## ODE TO CCC FROM SARA

*This year has been a dodgy one, troubles we've seen a lot.  
Who'd have thought last January, the world would go to pot?  
COVID hasn't helped at all, in fact in every single way,  
it hasn't turned out funny and seems to be here to stay.*

*No one came to sing to us, or ask us out to tea  
We couldn't go out shopping, just watch a DVD.  
The Bingo ladies couldn't come, but TeMI has saved the day  
And OT Angel Fridays, gave us a chance to play.*

*So it hasn't been the best of times for our dear Community,  
But hey at least we're safe and hoping for immunity.  
So let's cheer up and hope that they can end the virus,  
Massive thanks to Sue and staff for always standing by us.*

*Good health to all our friends, we hope to see you soon,  
and this old place will wake ,to play another tune.*

**Sue Lynn**

**General Manager and others who contributed to this story**

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### **Privacy**

We are committed to protecting and respecting our Residents, visitors, volunteers, and visiting school children privacy. Many Residents, visitors, schools and volunteers have indicated they do not wish their photos to be used in our annual report, the webpage or Facebook. We respect their wishes for privacy.

## ANNUAL CHARITY GOLF DAY

ANNUAL CHARITY GOLF DAY, NOVEMBER 6<sup>th</sup> 2020



Feeling worried that COVID would bring our plans to a halt, we managed to pull off a great event whilst maintaining safe procedures.

The China Coast Community Charity Golf day was held on November 6, 2020 at the stunning Shek-O Golf and Country Club with 19 teams of golfers battling it out to help raise a grand sum of HK\$216,568.

Once again, the sun shone on us, resulting in an enjoyable and fun time for all who participated.

The 5th hole, provided welcome refreshment and, even social distancing didn't hamper the outdoor buffet supper and the excitement of the raffle draw.

Our thanks and appreciation to Paul Brown and his staff for their assistance and support in organizing the event during these extraordinary times.

## ANNUAL CHARITY GOLF DAY



The live scoring system added to the excitement and challenging spirit of play. At the end of play the winners this year were:

Net Team Champions	Yogi 2
1st Runner Up	Teddy Bears
2nd Runner Up	Bald Monkeys
Longest Drive Men. Hole 8	Matthew Burke
Longest Drive Women. Hole 15	Eleanor Staunton
Nearest to the pin .Hole 17	Anne Choi
Nearest to the pin. Hole 6	Matthew Burke
Nearest to the pin. Hole 12	David Westwood
Nearest to the pin. Hole 4	Jack Chau
Wooden Spoon	Cheung Chan & Chung

The wooden spooners, having won this prestigious award many times, graciously handed over the prize to the Kratch Team. Great sportsmanship!

## ANNUAL CHARITY GOLF DAY

### OUR MOST GRATEFUL THANKS:

To Joey Tong and the Team of “Golf 007” for their assistance in organizing yet another successful tournament.

To all participating Teams for their support.

To all our generous sponsors, Grand Hyatt Hotels, The Peninsula Hotel, See’s Candies, HK Golf Club, Tayma Fine Jewellery, Black Sheep Restaurants, HSBC, Wine Bros, The Clearwater Bay Golf & Country Club, Holiday Inn and HSBC.

To Jon Addis for being a generous MC.

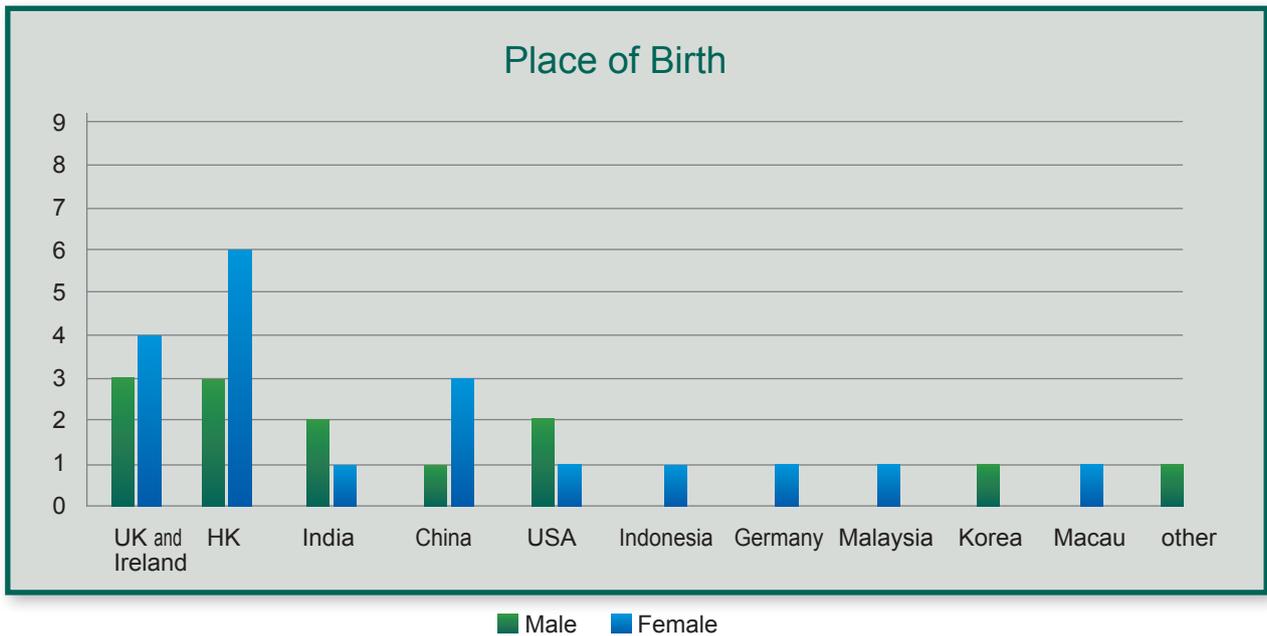
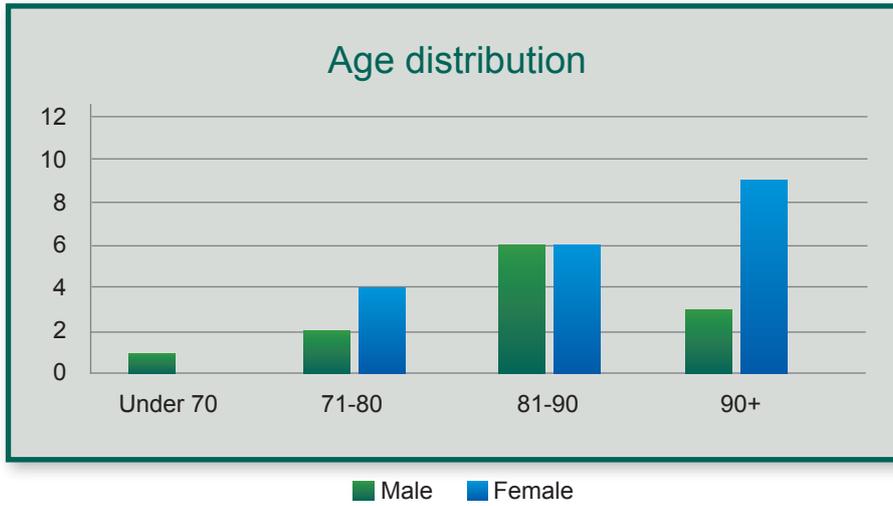
To our CCC staff, Annies, Rita and Katy, for the great job with the sales of the in-house raffle tickets and the 5th hole joviality. A job well done ladies and thank you!

**Save the date for next year: Friday November 19, 2021**



ANNUAL CHARITY GOLF DAY





## Net result

For the year ended 30 June 2020 total Income at the China Coast Community amounted to HK\$11,044,796 while expenditure amounted to HK\$ 12,087,717 giving rise to a net operating deficit of HK\$ 1,042,921 for the year ended 30 June 2020. This represented 18% increase of operating deficit compared to the prior year.

## Income

Income increased by 1.8% to HK\$10,488,646 year on year. The income statement also included HK\$556,150 transferred from our Building Fund Reserve against corresponding building re-development costs (shown under expenses) in line with longer term strategy.

Fees from residents, our primary source of income decreased by HK\$342,824 to HK\$ 6,202,786, primarily on account of restricted opportunities to allow visits from prospective residents and admit new residents as we started experiencing the impact of COVID 19 and social distancing from late Jan 2020. Fund raising activities, donations and other miscellaneous sources contributed to rest of the income and increases.

## Expenses

Total expenses (excluding re-development costs) increased 3.1% to HK\$11,531,567. This increase was mainly due to increase in manpower costs (which constitute 69% of total operating expenditure) required for our high quality of care in a challenging environment.

## Outlook

As in prior years, China Coast Community continues to have an annual shortfall between recurring income and expenditure as the current fee structure, in line with its charitable objectives, does not recover the entire cost of running the establishment. The shortfall, currently in excess of HK\$ 5,300,000, is covered by donations which constitute a critical part of our income profile and enable us to maintain our fee structure, to the benefit of residents. Therefore, it is important that the China Coast Community continues, on an annual basis, to obtain donations, sponsorship and grants at this level to make up the shortfall and continue its good work.

2020 has been a challenging year globally and for Hong Kong on account of Covid-19. We have not been immune. While we have been successful taking great precautions to keep our home and residents in good health, we have faced financial challenges. As mentioned, one of the consequences of infection control measures in line with government regulations has been that CCC was not able to admit new residents resulting in reduction in occupancy and resident fee income. There have also been non-financial impacts with fewer family visits and lower volunteer activity at the home due to social distancing requirements that are rigorously adhered to the CCC. On bright side we have been aided by the innovative crowd funding campaigns like our Dignity for the Elderly campaign as well as the HKSAR employment support scheme.

The second half of 2020 was increasingly challenging and we await better conditions in 2021 with the roll out of vaccines in Hong Kong. In the meanwhile, we remain strong in our commitment to our cause. Our thanks for all the support from our family of donors, volunteers and well-wishers that continue to give generously of their money and time.

**Aziz Hussain**  
Honorary Treasurer

# LIST OF MAJOR DONORS

FOR THE YEAR ENDED 30TH JUNE 2020

Burberry Asia Ltd	Ms. Doreen Pao
Christ Church Kowloon Tong	Ms. Ishida Nao
Commanderie de Bordeaux (HK) Foundation Limited	Ms. Sabita Prakash
Donations for the Campaign of Dignity for our Elderly by SparkRaise	Portuguese Community Education & Welfare Foundation Incorporated
Donations in celebration of 95th birthday of Alison Bell Fok	Shaikh Jaffer and Nematullah Ebrahim Family Foundation Ltd
Donations in celebration of Peter & Harry's birthday	Shamrock Lodge No.712 I.C.
Donations in memory of the late Mr. George Doran	The Cathedral CLARES
Donations in memory of the late Mrs. Mercia S. Remedios	The Far East Masonic Association for Charity (on behalf of various freemasons)
Dr. Catherine Heath	The Hong Kong and Far East Masonic Benevolence Fund Corporation
Dr. Catherine Lam	The Hong Kong Bank Foundation
Dr. Van Langenberg Arthur Edward Jude	The Hong Kong Golf Club Charitable Foundation Limited
Drs Richard Charles & Esther Yewpick Lee Charitable Foundation	The Hong Kong Jockey Club Charities Trust
Keswick Foundation Ltd	The Hongkong Freemasons Overseas Trust
Lady Kadoorie	The Incorporated Trustees of the Zoroastrian Charity Funds of HK Canton & Macao
Lodge Eastern Scotia No. 923 S C	The Ohel Leah Synagogue Charity
Mr. David Holdsworth	The Shek-O Development Company Limited (Shek O Golf and Country Club)
Mr. Geoffrey C Emerson	The Stapleton General Bursary Fund
Mr. James Fok	The Swire Group Charitable Trust (administered by Cannon Trustees Ltd)
Mr. Joseph Fok	The Victoria Chapter No. 525EC
Mr. Michael Guilford	Thomas Melvin Laffin Charitable Foundation Ltd
Mr. Michael J. Green	University Lodge of Hong Kong No.3666 EC
Mr. Stuart Barton	Van Zuiden Charity Trust
Mr. Thomas Lee Woon Mun	Zetland Lodge 525 EC
Mr. Vikas Mehra	
Ms. Corinne Remedios	

**And to all other Donors whose names are too numerous to list,  
we thank you all!**

The members of the Executive Committee submit their annual report together with the audited financial statements of the company for the year ended 30th June, 2020.

## **PRINCIPAL ACTIVITIES**

During the year, the principal activities of the company were providing residential and day-care facilities for elderly persons in Hong Kong.

## **FINANCIAL RESULT**

The financial result of the company's operations for the year ended 30th June, 2020 and the state of its affairs as at that date are set out in the financial statements on pages 24 to 41.

## **FIXED ASSETS – PROPERTY, PLANT AND EQUIPMENT**

Movements in fixed assets – property, plant and equipment during the year are shown in note 7 to the financial statements.

## **EXECUTIVE COMMITTEE MEMBERS**

The Executive Committee Members of the company during the year and up to the date of this report were:-

Mr. Jonathan William Addis  
Mr. William Andrew Ahern  
Mr. David Alistair Fok  
Mrs. Yeone Wei Chih Moser Fok  
Mr. Luke Harilela  
Dr. Catherine Ann Chiu Heath  
Ms. Corinne Marie D'Almada Remedios  
Rev. Ross Eric Royden  
Ms. Sabita Prakash  
Mr. Aziz Zahid Hussain

In accordance with Articles 42 and 43 of the company's Articles of Association, at each annual general meeting one-third of the Executive Committee Members for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office by rotation. The Executive Committee Members to retire shall be those who have been longest in office since their last election or appointment. A retiring Executive Committee Member shall be eligible for re-election. Accordingly, Mr. David Alistair Fok, Mr. William Andrew Ahern and Mr. Luke Harilela retire by rotation but, being eligible, offer themselves for re-election.

## **EXECUTIVE COMMITTEE MEMBERS' INTERESTS**

No contracts of significance in relation to the company's business to which the company was a party and in which an Executive Committee Member of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

## **MANAGEMENT CONTRACTS**

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

## **AUDITORS**

The financial statements have been audited by Messrs. Kenny Tam & Co., Certified Public Accountants who retire and, being eligible, offer themselves for re-appointment.

## **ON BEHALF OF THE EXECUTIVE COMMITTEE**

Ms. Corinne Marie D'Almada Remedios  
CHAIRMAN

Hong Kong : 11th December, 2020

## OPINION

We have audited the financial statements of China Coast Community Limited (the “Company”) set out on pages 24 to 41, which comprise the statement of financial position as at 30th June, 2020, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30th June, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS’ 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, but does not include the financial statements and our auditors’ report thereon.

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

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

## RESPONSIBILITIES OF EXECUTIVE COMMITTEE MEMBERS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the executive committee members are responsible for assessing the Company’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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Kenny Tam & Co.**

Certified Public Accountants

Hong Kong: 11th December, 2020

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# INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 2020

	NOTE	2020 HK\$	2019 HK\$
<b>INCOME</b>			
Residential fees		6,202,786	6,545,610
Donations		1,475,035	1,507,448
Sponsorship		360,000	360,000
Community Project Grant from the Hong Kong Jockey Club Charities Trust	13	1,181,447	1,137,600
Net income from golf tournament		237,059	210,539
Dignity for our Elderly Campaign		222,100	-
Other income		111,543	120,345
Grant for project		480,378	412,003
Wellness fund income		16,440	7,118
Income transferred from reserve		556,150	555,120
HKSAR Employment Support Scheme		201,858	-
		<b>11,044,796</b>	<b>10,855,783</b>
<b>EXPENDITURES</b>			
Salaries and outsourcing charges		7,954,960	7,648,585
Depreciation of property, plant and equipment		494,203	471,963
Depreciation of right-of-use assets		65,092	-
Physiotherapy rehabilitation programme		267,480	280,440
Occupational therapy		60,750	68,850
Dietetic consultation		19,200	19,200
Electricity, gas and water		564,896	557,730
Food		477,730	481,355
Repairs and maintenance		600,863	507,235
Provision for long service payments	12	-	20,522
Provision for long service payments written back	12	(62,472)	-
Long service payment		49,073	31,724
General expenses		151,471	143,527
Mandatory provident fund contributions		293,000	294,939
Government rent and rates		181,880	185,880
Amortisation for lease premium for land		-	65,092
Insurance		196,729	181,595
Telephone		30,788	24,984
Auditors' remuneration		40,000	40,000
Medical expenses		5,873	6,003
Furniture and decoration		28,875	19,191
Professional fee		-	11,000
Staff expenses		44,169	13,128
Recruitment expenses		4,690	25,580
Wellness fund expenses		8,357	7,118
Architecture consultancy fees		-	415,120
Consultancy for planning review		-	140,000
Consultancy fees for redevelopment of building		556,150	-
Provision for refund of unspent Community Project Grant to the Hong Kong Jockey Club Charities Trust		-	75,840
Refund of unspent to Keswick Foundation		53,960	-
		<b>12,087,717</b>	<b>11,736,601</b>
<b>NET DEFICIT FOR THE YEAR TRANSFERRED TO ACCUMULATED FUND</b>			
		<b>(1,042,921)</b>	<b>(880,818)</b>

The notes on pages 28 to 41 form part of these financial statements.

# BALANCE SHEET

FOR THE YEAR ENDED 30TH JUNE, 2020

	NOTE	2020 HK\$	2019 HK\$
<b>NON-CURRENT ASSETS</b>			
Fixed assets – property, plant and equipment	7	4,020,535	4,334,563
Lease premium for land	8	-	1,822,691
Right-of-use assets	9	1,757,599	-
		5,778,134	6,157,254
<b>CURRENT ASSETS</b>			
Receivables from residents		9,040	9,040
Other receivables, deposits, prepayments		487,024	406,406
Cash and cash equivalents	10	34,868,368	36,085,565
		35,364,432	36,501,011
<b>CURRENT LIABILITIES</b>			
Receipts in advance from residents		(539,716)	(612,890)
Deferred income	11	(1,398,469)	(866,200)
Other payables and accruals		(913,539)	(1,110,652)
		(2,851,724)	(2,589,742)
<b>NET CURRENT ASSETS</b>		<b>32,512,708</b>	<b>33,911,269</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>38,290,842</b>	<b>40,068,523</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for long service payments	12	(590,506)	(652,978)
		37,700,336	39,415,545
<b>EQUITY</b>			
<b>ACCUMULATED FUND</b>		<b>37,700,336</b>	<b>39,415,545</b>

Approved by the Executive Committee on 11th December, 2020 and signed on its behalf by:-

**Ms. Corinne Marie D'Almada Remedios**  
Chairman

**Mr. Aziz Zahid Hussain**  
Treasurer

The notes on pages 28 to 41 form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE, 2020

	Retained fund HK\$	Building fund reserve HK\$	Capital work reserve HK\$	Capital purchase reserve HK\$	Occupational therapy HK\$	Education project HK\$	Dietitian project HK\$	Total HK\$
Balance as at 30.6.2018	6,313,586	34,203,450	135,569	-	69,531	279,977	39,200	41,041,313
Net deficit for the year	(880,818)	-	-	-	-	-	-	(880,818)
Used and refund during the year	-	(555,120)	-	-	(69,531)	(101,099)	(19,200)	(744,950)
Balance as at 30.6.2019	5,432,768	33,648,330	135,569	-	-	178,878	20,000	39,415,545
Net deficit for the year	(1,042,921)	-	-	-	-	-	-	(1,042,921)
Addition during the year	-	-	-	63,540	-	-	19,200	82,740
Used during the year	-	(556,150)	-	-	-	(178,878)	(20,000)	(755,028)
Balance as at 30.6.2020	4,389,847	33,092,180	135,569	63,540	-	-	19,200	37,700,336

The notes on pages 28 to 41 form part of these financial statements.

# CASH FLOWS STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 2020

	2020 HK\$	2019 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit for the year	(1,042,921)	(880,818)
Adjustments for:		
Amortisation	-	65,092
Depreciation of property plant and equipment	494,203	471,963
Depreciation of right-of-use assets	65,092	-
Income transferred from reserves	(556,150)	(555,120)
Grant for projects	(116,138)	(189,830)
Provision for long service payments	(62,472)	20,522
<b>DEFICIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(1,218,386)</b>	<b>(1,068,191)</b>
Increase in other receivables, deposits, prepayments	(80,618)	(193,133)
Decrease in receipts in advance from residents	(73,174)	(38,870)
Increase/(decrease) in deferred income	532,269	(15,000)
(Decrease)/increase in other payables and accruals	(197,113)	44,174
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,037,022)</b>	<b>(1,271,020)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(180,175)	(152,686)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(180,175)</b>	<b>(152,686)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Capital donation	(1,217,197)	(1,423,706)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (NOTE 10)</b>	<b>36,085,565</b>	<b>37,509,271</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 10)</b>	<b>34,868,368</b>	<b>36,085,565</b>

The notes on pages 28 to 41 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2020

## 1. GENERAL INFORMATION

China Coast Community Limited was incorporated and domiciled in Hong Kong under the Hong Kong Companies Ordinance and is limited by guarantee of the members not exceeding HK\$10 per member. It is approved as a charity under Section 88 of the Inland Revenue Ordinance. The address of its registered office and principal place of business are 63 Cumberland Road, Kowloon Tong, Kowloon, Hong Kong. Its principal activities are providing residential and day-care facilities for elderly persons in Hong Kong.

## 2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The company's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

In the current year, the company has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1st July, 2019. A summary of the changes in accounting policies resulting from the company's application of these HKFRSs is set out in note 4.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation of the financial statements

The measurement basis used in preparing the financial statements is historical cost, except where explained in the accounting policies adopted by the company set out below.

### (b) Property, plant and equipment

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Buildings	53 years
Leasehold improvement	7 years
Plant and equipment	7 years

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

The company assesses at the end of each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the company estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognised immediately in the income and expenditure account.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### (c) Leases

After the adoption of HKFRS 16, when the company acts as a lessee, the company assesses at inception of a contract whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and one or more additional lease or non-lease components, the company elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

At the commencement date, the company recognises a right-of-use asset and a lease liability for the rights and obligations created by all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases for which the underlying asset is of low value. The company recognise the lease payments associated with those short-term leases and leases for which the underlying asset is of low value as an expense on a straight-line basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to income and expenditure account in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the company’s estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income and expenditure account if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets and lease liabilities separately in the statement of financial position.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Rental income from operating leases is recognised in income and expenditure account on a straight-line basis over the term of the relevant lease. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Before the adoption of HKFRS 16, leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the company. All other leases are classified as operating leases.

(i) Finance leases

Assets held under finance leases are recognised at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as property, plant and equipment, except for those properties held to earn rental income which are classified as investment property.

Depreciation and impairment loss are calculated and recognised in the same manner as the depreciation and impairment loss on property, plant and equipment as set out in note 3(b), except for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognised in the income and expenditure account over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Leases of land and building

When a lease includes both land and buildings elements, the company assesses the classification of each element as a finance or an operating lease separately in the same way as leases of other assets.

Whenever necessary in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease.

If the lease payments on a lease of land and building cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

(iii) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

(d) Trade and other receivables, contract assets and contract liabilities

A receivable is recognised when the company's right to consideration is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the company has an unconditional right to consideration, the amount is presented as a contract asset. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

A contract asset is recognised when the company recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration, or has an unconditional right to consideration (in such case, a corresponding receivable is recognised), before the company recognises the related revenue.

(e) Impairment of financial assets

The company recognises loss allowances for expected credit loss on the financial instruments that are not measured at fair value through surplus or deficit. The company considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The company considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognised in surplus or deficit. The receivable is written off against the receivable impairment charges account when the company has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of expected credit losses decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognised in surplus or deficit.

(f) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Payables

Payables are initially measured at fair value and, after initial recognition, at amortised cost, except for payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(h) Employee benefits

(i) Long Service payments

Certain of the company's employees have completed the required number of years of service to the company in order to be eligible for long service payments under the Employment Ordinance in the event of the termination of their employment. The company is liable to make such payment in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

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

(ii) Retirement benefits scheme

The company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme became effective on 1st December, 2000. Contributions are made based on a percentage of the employees’ relevant income and are charged to the income and expenditure account 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 company in an independently administered fund. The company’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

(i) Related parties

(a) A person or a close member of that person’s family is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

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

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

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

(j) Revenue and other income recognition

After the adoption of HKFRS 15, the company recognises revenue from contracts with customers when the company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset. When a performance obligation is satisfied, the company recognises as revenue the amount of the transaction price (which excludes

estimates of variable consideration that are constrained in accordance with HKFRS 15) that is allocated to that performance obligation. Further details of the company's revenue and other income recognition policies are as follows:

Residential fees are recognised on an accrual basis.

Donations and sponsorship are recognised when the company's rights to receive donations and sponsorship are established.

#### 4. CHANGES IN ACCOUNTING POLICIES

In the current year, the company has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 July 2019 and are relevant to the company's financial statements, including:

- HKFRS 16, Leases
- HK(IFRIC) 23, Uncertainty over income tax treatments

The effects of the application of these HKFRSs are summarised below.

(a) HKFRS 16, Leases

Before the current year, the company applied HKAS 17, Leases and its leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the company. Assets held under finance leases are recognised at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, and the corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases, which are presented as lease liabilities after the adoption of HKFRS 16. Depreciation and impairment loss are calculated and recognised. All other leases are classified as operating leases and lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

From the current year, after the adoption of HKFRS 16, which replaces HKAS 17 and the related interpretations, the company adopts a single accounting model for leases, which requires the company as a lessee to recognise a right-of-use asset and a lease liability for the rights and obligations created by all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases for which the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, the company as a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The company is also required to have enhanced disclosures to give a basis for users of financial statements to assess the effect that leases have on its financial position, financial performance and cash flows.

The company has applied the practical expedient in paragraph C3 of HKFRS 16 (i.e. the company has not reassessed whether a contract was, or contained, a lease at 1 July 2019). In particular, the company applies HKFRS 16 to contracts that were previously identified as leases applying HKAS 17. Besides, the company does not apply HKFRS 16 to contracts that were not previously identified as leases applying HKAS 17 and applies HKFRS 16 to contracts entered into or changed on or after 1 July 2019.

The adoption of HKFRS 16 has resulted in changes in accounting policies. The company has applied HKFRS 16 retrospectively and taken the transitional provisions in HKFRS 16 not to restate comparative information which continues to be reported under HKAS 17.

The company has also elected to apply the following practical expedients in paragraph C10 of HKFRS 16 when applying HKFRS 16 retrospectively to leases previously classified as operating leases applying HKAS 17 in which the company is the lessee:

- (i) A single discount rate is applied to a portfolio of leases with reasonably similar characteristics;
- (ii) Leases for which the lease term ends within 12 months of 1 July 2019 are accounted for in the same way as short-term leases; and
- (iii) Initial direct costs are excluded from the measurement of the right-of-use assets at 1 July 2019.

For leases previously classified as finance leases applying HKAS 17 in which the company is the lessee, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 shall be the carrying amount of the lease asset and lease liability immediately before that date measured applying HKAS 17.

The adoption of HKFRS 16 gives rise to lease liabilities and the corresponding right-of-use assets are recognized. The adoption of HKFRS 16 does not have any material effects on the company's financial performance and opening balance of equity.

There is no significant difference between the amount of the operating lease commitments disclosed applying HKAS 17 at 30 June 2019, discounted using the incremental borrowing rate at 1 July 2019 and the amount of lease liabilities recognised in the statement of financial position at 1 July 2019.

- (b) HK(IFRIC) 23, Uncertainty over income tax treatments

HK(IFRIC) 23 provides guidance on how to apply HKAS 12, Income taxes when there is uncertainty over income tax treatments. The company is required to consider, inter alia, whether it is probable that a taxation authority will accept an uncertain tax treatment. The adoption of HK(IFRIC) 23 does not have any material effects on the company's financial performance and positions.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company's management makes assumptions, estimates and judgements in the process of applying the company's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

- (a) Key assumption and other key sources of estimation uncertainty

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 14. Other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as follows:

- (i) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default. The company uses judgment in making these assumptions based on the company's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

- (ii) Useful lives of property, plant and equipment

The Executive Committee Members of the company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is

based on the historical experience of the actual useful lives of fixed assets of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives.

(b) Critical judgements in applying the company's accounting policies

Certain critical judgements in applying the company's accounting policies are set out as follows:

Significant increase in credit risk

HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the company takes into account qualitative and quantitative reasonable and supportable forward looking information.

## 6. INCOME TAX EXPENSE

The company is a charitable institution which is exempt from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

## 7. FIXED ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$	Leasehold Improvement HK\$	Plant and equipment HK\$	Total HK\$
<b>At Cost:</b>				
At 1/7/2018	5,914,497	8,484,464	3,498,850	17,897,811
Additions	-	7,000	145,686	152,686
At 30/6/2019	5,914,497	8,491,464	3,644,536	18,050,497
<b>Accumulated depreciation:</b>				
At 1/7/2018	2,678,337	7,850,052	2,715,582	13,243,971
Charges for the year	111,597	172,352	188,014	471,963
At 30/6/2019	2,789,934	8,022,404	2,903,596	13,715,934
<b>Net book value:</b>				
At 30/6/2019	3,124,563	469,060	740,940	4,334,563
<b>At Cost:</b>				
At 1/7/2019	5,914,497	8,491,464	3,644,536	18,050,497
Additions	-	8,000	172,175	180,175
At 30/6/2010	5,914,497	8,499,464	3,816,711	18,230,672
<b>Accumulated depreciation:</b>				
At 1/7/2019	2,789,934	8,022,404	2,903,596	13,715,934
Charges for the year	111,597	172,781	209,825	494,203
At 30/6/2010	2,901,531	8,195,185	3,113,421	14,210,137
<b>Net book value:</b>				
At 30/6/2010	3,012,966	304,279	703,290	4,020,535

The buildings located in the land held under operating lease are considered to be held under finance lease.

## 8. LEASE PREMIUM FOR LAND (Before 1 July, 2019)

	2019 HK\$
At Cost:	
At beginning and end of year	3,450,000
Accumulated amortisation:	
At beginning of year	1,562,217
Charge for the year	65,092
At end of year	1,627,309
Net book value:	
At end of year	1,822,691

Before the adoption of HKFRS 16, the company's prepaid lease payments on leasehold land was presented as lease premium on land separately. After the adoption of HKFRS 16, the company's right-of-use assets includes prepaid lease payments on leasehold land (see note 9).

The leasehold land is held in Hong Kong under the medium term lease.

## 9. RIGHT-OF-USE ASSETS

	HK\$
At 1.7.2019	1,822,691
Depreciation charged for the year	65,092
At 30.06.2020	1,757,599

The company's right-of-use assets includes prepaid lease payments on leasehold land and building, which is held for own use as office and residential and day-care facilities and on medium-term leases expiring on 30 June 2047. Before the adoption of HKFRS 16, prepaid lease payments on leasehold land was presented as lease premium on land separately (see note 8). Disclosure for leases include:

	2020 HK\$	2019 HK\$
Depreciation charges for right-of-use assets	65,092	-
Carrying amount of right-of-use assets	1,757,599	-

## 10. CASH AND CASH EQUIVALENTS

	2020 HK\$	2019 HK\$
Cash at bank and on hand	2,957,126	3,515,703
Deposits with banks	31,911,242	32,569,862
Cash and cash equivalents in the statement of financial position and statement of cash flows	<b>34,868,368</b>	36,085,565

## 11. DEFERRED INCOME

Deferred income represents the designated donations for the operations of the company in the next financial year.

## 12. PROVISION FOR LONG SERVICE PAYMENTS

	2020 HK\$	2019 HK\$
Balance at beginning of the year	652,978	632,456
Provision for the year	-	20,522
Written back	(62,472)	-
Balance at end of the year	<b>590,506</b>	652,978

## 13. COMMUNITY PROJECT GRANT

The movements of Community Project Grant in respect of Subsidy Package for Comprehensive Social Security Allowance (“CSSA”) Recipients granted by the Hong Kong Jockey Club Charities Trust are as follows:-

	2020 HK\$	2019 HK\$
Balance at beginning of the year	-	18,960
Provision for refund of unspent balance for 2018/19 CPG	-	(75,840)
Received	1,181,447	1,137,600
Used	(1,179,783)	(1,080,720)
Balance at end of the year	<b>1,664</b>	-

The balances of CSSA at 30th June, 2020 and 2019 are included in accumulated fund.

## 14. FINANCIAL INSTRUMENT

The company has classified its financial assets in the following category:

	Financial assets at amortised costs HK\$
2020	
Receivables from residents	9,040
Other receivables, deposits, prepayments	487,024
Cash and cash equivalents	34,868,368
	<u>35,364,432</u>
2019	
Receivables from residents	9,040
Other receivables, deposits, prepayments	406,406
Cash and cash equivalents	36,085,565
	<u>36,501,011</u>

The company has classified its financial liabilities in the following category:

	Financial liabilities at amortised cost HK\$
2020	
Receipts in advance from residents	593,716
Other payables and accruals	915,203
	<u>1,508,919</u>
2019	
Receipts in advance from residents	612,890
Other payables and accruals	1,110,652
	<u>1,723,542</u>

All financial instruments are carried at amounts not materially different from their fair values as at 30th June, 2019 and 2020.

The company is exposed to credit risk, liquidity risk and market risk arising in the normal course of its operation and financial instruments. The company's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

### (a) Credit risk

The company is exposed to credit risk on financial assets mainly attributable to receivables from residents, other receivables and cash and cash equivalents. In order to minimise the credit risk, the company has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the company reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the Executive Committee Members of the company consider that the company's credit risk is significantly reduced. All the company's cash at bank are deposited with reputable major bank.

Summary quantitative data

	2020	2019
	HK\$	HK\$
Receivables from residents	9,040	9,040
Other receivables, deposits, prepayments	487,024	406,406
Cash and cash equivalents	34,868,368	36,085,565
	<b>35,364,432</b>	36,501,011

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the company has significant exposure to individual customers. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The company measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. As the company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the company's different customer bases.

At 30 June 2020, the company has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(b) Liquidity risk

The company is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary quantitative data

	Within one year HK\$	Later than one year HK\$	Carrying amount HK\$
<b>2019</b>			
<b>Other payables and accruals</b>	<b>1,110,652</b>	—	<b>1,110,652</b>
<b>2020</b>			
Other payables and accruals	913,539	—	913,539

(c) Interest rate risk

The company's exposure on fair value interest rate risk mainly arises from its fixed deposits with bank. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks.

The company mainly holds fixed deposits with bank with maturity within 1 month to 6 months and the exposure is considered not significant. In consequence, no material exposure on fair value interest rate risk is expected.

Summary quantitative data

	2020 HK\$	2019 HK\$
<b>Floating-rate financial assets</b>		
Cash at bank	2,900,703	3,466,705
Deposits with banks	31,911,242	32,569,862
<b>Net interest-bearing assets</b>	<b>34,811,945</b>	<b>36,036,567</b>

Sensitivity analysis

At 30th June, 2020, if interest rates had been 100 basis points higher/lower, with all other variables held constant, the company's surplus and accumulated fund would have been HK\$348,000 (2019: HK\$360,000) higher/lower, and other components of equity would have been HK\$348,000 (2019: HK\$360,000) higher/lower.

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the end of each reporting period and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rate represent management's assessment of a reasonably possible change in interest rates at that date over the period until the end of the next reporting period.

The analysis is prepared on the same basis for 2019.

#### 14. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the company's operations and financial statements:

	Effective for annual periods beginning on or after
Amendments to HKAS 1 and 8, Amendments to definition of material	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Amendments for Interest Rate Benchmark Reform	1 January 2020

The company has not early adopted these HKFRSs. The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the company's financial statements in the year of initial application.

**CHINA COAST COMMUNITY LIMITED  
DONATION FORM**

**Donation**

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(Donation of HK\$100 or above are tax deductible with a receipt)

Please write your reasons for the donation on the back of the cheque.

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111-126850-001 ( Please send the bank pay-in slip together with this  
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Name / Company : \_\_\_\_\_ (Mr/Ms/Mrs)

Address : \_\_\_\_\_  
\_\_\_\_\_

Telephone No. : \_\_\_\_\_

Date : \_\_\_\_\_

China Coast Community Limited would like to assure that all information will be treated in strictest confidence and is for internal use only. For access to or correction of your personal data, please feel free to contact our office.

**Thank you for your support!**

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