

HONG KONG FAMILY WELFARE SOCIETY

EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2024

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee submits its report together with the audited financial statements of Hong Kong Family Welfare Society (the “Society”) for the year ended 31st March 2024.

Principal activity

The principal activity of the Society is the provision of welfare services.

Business review

Main business

Hong Kong Family Welfare Society, established in 1949, is one of the major social service organisations in Hong Kong. With a “family-centric” perspective, the Society is committed to delivering quality and professional social services to enhance the wellbeing of families and individuals in Hong Kong and foster a caring community.

The Society renders the following major types of social services for families and individuals through its 49 service centres in Hong Kong:

- a) Integrated Family Services – including 6 Integrated Family Service Centres, Zonta White House – Family Retreat Centre, Clinical Psychological Service, and service projects to promote the wellbeing of families;
- b) Mediation Services and Divorce Services – including a Mediation Centre, a Parent-child Connect Specialised Co-parenting Support Centre, a Family Resource Centre, and services to address needs of divorce and blended families;
- c) Children Services – including Foster Care Service, After School Care and Support Programmes, Neighbourhood Support Child Care Project and Kindergarten Social Work Service, Social Work Service for Pre-primary Institutions, and various service projects to serve the children in need;
- d) Youth Services – including School Social Work Service for 40 secondary schools, an Integrated Children and Youth Service Centre, and a variety of service projects to serve the developmental needs of young people;
- e) Community Care and Support Services for the Elderly – including Integrated Home Care Service, Enhanced Home and Community Care Services, a Neighbourhood Elderly Centre, Home Care and Support Services for Elderly Persons with Mild Impairment, Community Care Service Voucher Scheme for the Elderly, and service projects that address the mental health issues of elders and their carers; and
- f) Special Services – including a Financial Education Centre, a Women and Family Enhancement Centre, Services for Multi-Generational Families, Volunteer Service, and Wellness Programmes.

In 2023-24, income of the Society from Lump Sum Grant had increased due to the regularization of Pilot Scheme on Home Care and Support for Elderly Persons with Mild Impairment and, new subvention on Social Work Service for Pre-primary Institutions and additional subvention of Neighbourhood Elderly Center, this provided a stable income in service provision for the service users. Besides, the Society had continued the collaboration with different funders in pilot projects to fill the service gaps for those families in need.

In the previous year, the Society had kick started the celebration of 75th Anniversary by hosting a Principal Gathering for service partners of school in January 2024. Other anniversary events would be launched throughout the year in 2024 which aim to promote family wellbeing by collaborating with our community partners. At the same time, the Society continued the implementation work for Envisioning 2024. Efforts were paid to strengthen the application of “Family Centric” intervention model and the co-creation with different stakeholders in the community on family wellbeing.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Business review (Continued)

Business review and performance analysis

The Society was financially stable with an increase in total income by 7.2% as compared with last year. Its major source of fund was from the subvention by the SWD, including Lump Sum Grant ("LSG"), which was 84.6% of the total income. The Society also obtained funding support from other government departments and different kinds of project fund and charity fund, including The Community Chest, The Hong Kong Jockey Club Charities Trust and the Lotteries Fund Grant as well as donation from individuals and corporates.

All along, the Society complies with the requirements stipulated in the SWD LSG Manual, Lotteries Fund Manual and 16 Service Quality Standards, the Best Practice Manual. The Society has policies and procedures to ensure all units observe the relevant legal obligations in their operation, including Employment Ordinance, Personal Data (Privacy) Ordinance, etc.

The Society has generally met the performance requirements agreed with its funders, including the Service Quality Standards, Essential Service Requirements, Output Standards and Outcome standards set out by the SWD. Besides, its services received positive feedback from service users.

During the year, the Society was granted different awards for its contributions:

- a) Financial Education Centre "Empowering Your Life's Second Half Financial Education Project" received the "Outstanding FinFit Project Award" in the "HSBC HK Community Partnership Programme 2023" organised by The Hongkong Bank Foundation
- b) Financial Education Centre "Financial Literacy e-Run" received the "IFEA (Public/Professional Body and NGO) - Bronze Award" by The Investor and Financial Education Council (IFEC)
- c) "Bronze Award", "9th Top Fund-raiser Award" and "3rd Highest Donation Award for Donation Drive" of "Corporate and Employee Contribution Programme 2023/24 (CECP)" by the Community Chest
- d) The status of "Manpower Developer" (1st April 2023 – 31st March 2024) in the "Employees Retraining Board "ERB" Manpower Developer Award Scheme.

Key relationships

- a) Members
Members of the Society are persons, corporates or institutional bodies who register and subscribe to the Articles of Association and pay the annual subscription. At the end of the financial year 2023/24, the Society maintained a membership of 120.
- b) Service users
In general, service users of the Society are families or individuals who meet the eligibility criteria for services of the Society and wish to use the Society's services. Apart from providing appropriate services to its service users, the Society also promotes a family-friendly environment and advocates policies which enhance family wellbeing. Besides, the Society took an active stance in sharing views and concerns towards relevant social issues, government policies and legislation, such as "Proposed Mandatory Reporting Requirement for Suspected Child Abuse Cases".

During the year, the Society offered education, preventive and remedial services for more than 498,563 beneficiaries and provided intensive service for more than 23,289 individual and family cases.

- c) Staff
The Society maintained a work force of over 1,160 as at 31st March 2024, comprising professional, management, administrative, frontline and support staff. The number of staff was slightly higher compared with the figure of 1,120 in 2022/23.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Business review (Continued)

Key relationships (Continued)

d) Funders and external partners

The Society has maintained close collaboration with government departments, funders and strategic partners to put joint efforts in service provision to benefit the service users and the community as a whole. During the year, the management staff served in over 110 committees, panels, working groups, task force, liaison groups and network meetings of different nature set up under Labour and Welfare Bureau, Social Welfare Department, Home Affairs Bureau, Social Workers Registration Board, Hong Kong Council of Social Service, Family Council, Hospital Authority and District Council etc, to advise on the development of social services, social welfare policies and issues relating to the welfare of its service users and the community as a whole. Since 2023, the Society has been participating in the work of Connecting Hearts supporting the development of welfare sector as a whole. All these efforts are to actualise the Society's mission to promote the wellbeing of families and foster a caring community.

Principal risks and uncertainties

With increased complexity in the external environment, it is inevitable that the Society is exposed to risk which would affect its ability to achieve the planned objectives. To manage risks and to ensure sustainable development of the Society, a Risk Management ("RM") Policy and Framework has been formulated and implemented since 2014. There was progress report to the Executive Committee on a regular basis to ensure that risks are identified, appropriately assessed, mitigated and managed, and continual enhancement of its services and operations is in place.

The Society had an overall staff turnover rate at 17.9%, which recorded an increase as compared with the figure of 16.8% last year. With the continuous service expansion in the social welfare sector and government subvention, competition in the manpower market could not be avoided. The staff turnover due to migration continued. Difficulty in the recruitment and retention of staff was significant, particularly for social workers and health care professionals, etc. To address such issues, the Society conducted annual review exercise on the remuneration package, and develop Human Resource initiatives to improve the staff welfare benefits and to promote the Society through employer branding measures.

Future development

In the coming year, the Society had planned different initiatives for the celebration of 75th Anniversary, effort will made in the consolidation of our partnership with our strategic partners and in the community engagement on the promotion of family wellbeing.

Internally, the Society will strengthen the infrastructure of central administration to address the new requirement and measures from the government and from the funders. To strengthen the corporate governance, this year a "Legal Support Steering Committee" would be formed under the Executive Committee to provide guidance in providing legal support services to staff and agency. At the same time, to improve our remuneration packages and welfare benefits to maintain a stable workforce in service provision.

Results

The results of the Society for the year are set out in the statement of comprehensive income on page 10.

Own funds

Details of the movements in own funds of the Society during the year are set out in notes 12 to 14 to the financial statements.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Executive Committee members

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

Mr. Law Kin Chung, Christopher, JP (Chairman)
Dr. Cheng Cheuk Sang, Arnold (Vice Chairman)
Mr. Cheng Shee Sing, Patrick (Honorary Treasurer)
Mrs. Choy Pun Siu Fun, Veronica, MBE, JP
Ms. Chu Choi Ming Fung, Janet
Dr. Chung See Yuen
Mrs. Kwok Leung Kit Kan, Ingrid
Ms. Lau Wing Yin, Cecilia
Mr. Loong Hon Biu, Louis
Ms. Siu Wing Yee, Sylvia, JP
Ms. Sung Ye Wan, Yvonne
Dr. Tang Sau Lim, Philip
Ms. Wong Hang Yee, Sandy, JP
Prof. Wu Che Yuen Justin (appointed on 21st November 2023)
Ms. Yip Yun Wan, Amarantha (Chief Executive) (ex-officio) (retired on 1st April 2023)
Ms. Chau Shuk King, Kitty (Chief Executive) (ex-officio) (appointed on 1st August 2023)

In accordance with Article 33 of the Society's Articles of Association, the members of the Executive Committee (except ex-officio) shall be elected annually from amongst the members of the Society in the Annual General Meeting.

In accordance with Article 37 of the Society's Articles of Association, the Executive Committee may appoint not more than four persons to be co-opted members of the Executive Committee but so that the total number of Executive Committee members shall not at any time exceed 16.

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

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

Executive Committee members' interests in the shares and debentures of the Society or any specified undertaking of the Society

At no time during the year was the Society a party to any arrangement to enable the Executive Committee members of the Society to hold any interests in the shares or debentures of the Society or its specified undertakings.

Management contracts

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

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Permitted indemnity provisions

A permitted indemnity provision (as defined in Section 469 of the Hong Kong Companies Ordinance (Cap. 622)) for the benefit of the Executive Committee members of the Society is currently in force and was in force throughout the year.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Executive Committee



Mr. Law Kin Chung, Christopher
Chairman.

Hong Kong, 3rd October 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG FAMILY WELFARE SOCIETY
(Incorporated in Hong Kong and limited by guarantee)**

Opinion

What we have audited

The financial statements of Hong Kong Family Welfare Society (the "Society"), which are set out on pages 9 to 53, comprise:

- the balance sheet as at 31st March 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in own funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 31st March 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Society in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The Executive Committee is responsible for the other information. The other information comprises the information included in the Executive Committee's report and the annual report, but does not include the financial statements and our auditor's report thereon.

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



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG FAMILY WELFARE SOCIETY (CONTINUED)**
(incorporated in Hong Kong and limited by guarantee)

Other Information (Continued)

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 for the Financial Statements

The Executive Committee is 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 determines 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 is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG FAMILY WELFARE SOCIETY (CONTINUED)**
(Incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

We communicate with the Executive Committee 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.



PricewaterhouseCoopers
Certified Public Accountants


Hong Kong, 3rd October 2024


HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET

| | | As at 31st March | |
|--|-------------|---------------------------|---------------------------|
| | Note | 2024 | 2023 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 37,402,837 | 32,696,047 |
| Right-of-use assets | 6 | 19,375,144 | 13,996,087 |
| Trust fund assets | 8 | 32,666,779 | 40,270,364 |
| Total non-current assets | | <u>89,444,760</u> | <u>86,962,498</u> |
| Current assets | | | |
| Receivables from Lotteries Fund | 9 | 9,798,947 | 1,009,966 |
| Receivables from Innovation and Technology Fund | | 465,000 | 178,333 |
| Deposits, prepayments and other receivables | 10 | 42,113,357 | 54,462,348 |
| Fixed deposits with original maturity over three months | 11 | 58,861,730 | 56,278,389 |
| Cash and cash equivalents | 11 | 241,937,662 | 243,037,882 |
| Total current assets | | <u>353,176,696</u> | <u>354,966,918</u> |
| Total assets | | <u><u>442,621,456</u></u> | <u><u>441,929,416</u></u> |
| Funds and reserves | | | |
| Own funds | | | |
| General Fund | 12 | 87,491,858 | 93,222,469 |
| Capital Reserve | 13 | (201,764) | 906,430 |
| Designated Funds | 14 | 47,602,079 | 46,884,374 |
| Total own funds | | <u>134,892,173</u> | <u>141,013,273</u> |
| Other reserves and trust funds | | | |
| Social Welfare Lump Sum Grant Reserve | 15(a) | 129,162,275 | 129,973,730 |
| Provident Fund Reserve | 15(b) | 23,586,026 | 22,288,457 |
| Subvented Employee Benefit Reserve | 15(a) & (c) | 22,805,536 | 23,327,105 |
| Social Welfare Subvention Reserve | 16 | 15,894,551 | 11,427,660 |
| Trust Funds | 17 | 32,666,779 | 40,270,364 |
| Total other reserves and trust funds | | <u>224,115,167</u> | <u>227,287,316</u> |
| Total funds and reserves | | <u><u>359,007,340</u></u> | <u><u>368,300,589</u></u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred income | 18 | 26,929,141 | 22,079,707 |
| Lease liabilities | 20 | 10,273,942 | 6,669,145 |
| Total non-current liabilities | | <u>37,203,083</u> | <u>28,748,852</u> |
| Current liabilities | | | |
| Payables and receipts in advance | 19 | 15,817,888 | 19,105,514 |
| Home help deposits received | | 127,000 | 110,000 |
| Provisions for unutilised annual leave and long service payments | | 2,256,400 | 2,359,794 |
| Deferred income | 18 | 18,468,669 | 15,472,318 |
| Lease liabilities | 20 | 9,741,076 | 7,832,349 |
| Total current liabilities | | <u>46,411,033</u> | <u>44,879,975</u> |
| Total liabilities | | <u>83,614,116</u> | <u>73,628,827</u> |
| Total funds and liabilities | | <u><u>442,621,456</u></u> | <u><u>441,929,416</u></u> |

The above balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 9 to 53 were approved by the Executive Committee on 3rd October 2024 and were signed on its behalf.


Mr. Law Kin Chung, Christopher
Chairman


Mr. Cheng Shee Sing, Patrick
Honorary Treasurer

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

| | Note | Year ended 31st March | |
|---|-------|-----------------------|--------------------|
| | | 2024 | 2023 |
| Income | | | |
| Government subvention | | 614,498,652 | 559,533,833 |
| One-off subsidy from Social Welfare Department | | 50,711 | 26,100 |
| Income from Lotteries Fund - Block Grant | | 4,985,917 | 4,954,554 |
| Income from Lotteries Fund - Social Welfare Development Fund ("SWDF") | | 423,996 | 699,765 |
| Income from Lotteries Fund - General | 25 | 7,645,516 | 12,508,548 |
| Income from Innovation and Technology Fund | | 655,769 | 573,598 |
| Back payment from Social Welfare Department | | 1,852,452 | 391,170 |
| Home help fees | | 13,317,687 | 12,600,619 |
| Donation funding for specific projects from: | | | |
| - The Community Chest - Baseline Allocation | | 5,554,500 | 5,140,500 |
| - The Hong Kong Jockey Club Charities Trust | | 22,283,419 | 15,049,514 |
| - Other sponsors | 24 | 20,272,170 | 33,779,017 |
| Donations and income from fund raising activities | 26 | 2,628,458 | 2,693,500 |
| Subsidiary services and other project income | | 27,439,271 | 28,401,293 |
| | | <u>721,608,518</u> | <u>676,352,011</u> |
| Other income | | | |
| Dividend income | | 1,532,267 | 1,471,838 |
| Interest income | | 4,707,361 | 784,051 |
| | | <u>6,239,628</u> | <u>2,255,889</u> |
| Total income | | <u>727,848,146</u> | <u>678,607,900</u> |
| Expenditure | | | |
| Employee benefit expenses | 21 | 576,223,070 | 526,657,130 |
| Programme expenses | 22 | 71,457,319 | 77,633,300 |
| Premises expenses | 23 | 13,402,316 | 12,057,852 |
| Other expenses | 23 | 59,330,452 | 56,551,405 |
| Interest on lease liabilities | 20 | 1,162,171 | 810,488 |
| Total expenditure | | <u>721,575,328</u> | <u>673,710,175</u> |
| Surplus and total comprehensive income for the year | | <u>6,272,818</u> | <u>4,897,725</u> |
| Utilisation of current year's surplus: | | | |
| Surplus/(deficit) transferred to/(from): | | | |
| - General Fund | 12 | (5,730,611) | (950,980) |
| - Capital Reserve | 13 | (1,108,194) | (669,045) |
| - Designated Funds | 14 | 717,705 | (354,665) |
| - Social Welfare Lump Sum Grant Reserve | 15(a) | (738,751) | 96,751 |
| - Social Welfare Provident Fund Reserve | 15(b) | 1,011,462 | 522,274 |
| - Social Welfare Subvention Reserve | 16 | 12,121,207 | 6,253,390 |
| | | <u>6,272,818</u> | <u>4,897,725</u> |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN OWN FUNDS

| | General Fund (note 12) | Capital Reserve (note 13) | Designated Funds (note 14) | Total |
|--|------------------------------|---------------------------------|----------------------------------|-------------|
| Balance at 1st April 2022 | 95,573,449 | 175,475 | 47,239,039 | 142,987,963 |
| Comprehensive loss | | | | |
| Deficit for the year transferred to the statement of comprehensive income | (950,980) | (669,045) | (354,665) | (1,974,690) |
| Transfer between reserves | (1,400,000) | 1,400,000 | - | - |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss | (2,350,980) | 730,955 | (354,665) | (1,974,690) |
| Balances at 31st March 2023 and 1st April 2023 | 93,222,469 | 906,430 | 46,884,374 | 141,013,273 |
| Comprehensive loss | | | | |
| (Deficit)/surplus for the year transferred (to)/from the statement of comprehensive income | (5,730,611) | (1,108,194) | 717,705 | (6,121,100) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss | (5,730,611) | (1,108,194) | 717,705 | (6,121,100) |
| Balance at 31st March 2024 | 87,491,858 | (201,764) | 47,602,079 | 134,892,173 |

The above statement of changes in funds should be read in conjunction with the accompanying notes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CASH FLOWS

| | Note | Year ended 31st March | |
|--|---------|---------------------------|---------------------------|
| | | 2024 | 2023 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 29(a) | 34,212,704 | 11,074,700 |
| Refund of prior years' surplus to SWD | 15 & 16 | (7,962,482) | (27,783,613) |
| Net cash inflow/(outflow) from operating activities | | <u>26,250,222</u> | <u>(16,708,913)</u> |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | 5 | (18,255,802) | (17,980,946) |
| Increase in bank deposits with original maturity over three months | | (2,583,341) | (30,834,558) |
| Interest received | | 4,707,361 | 784,051 |
| Net cash outflow from investing activities | | <u>(16,131,782)</u> | <u>(48,031,453)</u> |
| Cash flows from financing activities | | | |
| Principal elements of lease payments | 29(d) | (10,056,489) | (6,512,072) |
| Interest elements on lease payments | 29(d) | (1,162,171) | (810,488) |
| Net cash outflow from financing activities | | <u>(11,218,660)</u> | <u>(7,322,560)</u> |
| Net decrease in cash and cash equivalents | | <u>(1,100,220)</u> | <u>(72,062,926)</u> |
| Cash and cash equivalents at beginning of the year | | 243,037,882 | 315,100,808 |
| Cash and cash equivalents at end of the year | 11 | <u><u>241,937,662</u></u> | <u><u>243,037,882</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The principal activity of Hong Kong Family Welfare Society (the “Society”) is to provide welfare services. The Society was incorporated under the Hong Kong Companies Ordinance in 1978 as a company limited by guarantee. The address of its registered office is Room 2010, 20th Floor, Southorn Centre, 130 Hennessy Road, Wanchai, Hong Kong.

Under the provisions of the Society’s Articles of Association, every member shall, in the event of the Society being wound up, contribute to the assets of the Society to the extent of HK\$10. At 31st March 2024, the Society had 120 (2023: 117) members.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 Basis of preparation and changes in accounting policies

2.1 Basis of preparation

The financial statements of the Society have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) which term collectively includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) 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. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income (“FVOCI”) included in trust fund assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Society’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

- (a) New and amended standards, interpretations, annual improvement and accounting guideline to the existing HKFRSs (collectively, the “Amendments”) adopted by the Society

The Society has applied the following Amendments for the first time for its annual reporting period commencing on 1st April 2023:

| | |
|---|--|
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform - Pillar Two Model Rules |
| HKFRS 17 | Insurance Contracts |
| Amendments to HKFRS 17 | Initial Application of HKFRS 17 and HKFRS 9 – Comparative information |

The adoption of these Amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods, except for the adoption of amendments to HKAS 1 and HKFRS Practice Statement 2 and amendments to HKAS 12 as stated in note 2.2.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and changes in accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (b) Amendments that are not yet effective and have not been early adopted by the Society

Certain Amendments have been published that are mandatory for the Society's reporting periods beginning on or after 1st April 2024. The following Amendments are relevant and applicable to the Society; however, they have not been early adopted in these financial statements:

| | |
|---|--|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current ¹ |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants ¹ |
| Amendments to HKFRS 16 | Lease Liability in a Sales and Leaseback ¹ |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹ |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangement ¹ |
| Amendments to HKAS 21 | Lack of Exchangeability ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current ¹ |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants ¹ |
| Amendments to HKFRS 16 | Lease Liability in a Sales and Leaseback ¹ |

Note:

- (1) Effective for annual reporting period beginning on 1st April 2024
(2) Effective for annual reporting period beginning on 1st April 2025
(3) Effective for annual reporting period beginning on or after a date to be determined

The Society has already commenced an assessment of the impact of these Amendments. According to the preliminary assessment made by the Executive Committee, no significant impact on the financial performance and position of the Society is expected when they become effective.

2.2 Changes in accounting policies

Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments require the Society to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. Any entity-specific information that were previously included in note 2 (i.e. the note of "Summary of significant accounting policies") but that are relevant for an understanding of individual line items in the financial statements have been moved to the relevant notes for those line items. Other accounting policies which are not entity-specific but rather summarise the requirements of the accounting standards are now included in note 31.

3 Financial and fund risks management

3.1 Financial risk factors

The Society's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, cash flow interest rate risk and price risk. The Society's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Society's financial performance.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates (“the functional currency”). The financial statements are presented in Hong Kong dollars, which is the Society’s functional and presentation currency.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Society’s functional currency. The Society has minimal exposure to foreign currency exchange rate risk as transactions are mainly denominated in Hong Kong dollars. Accordingly, no sensitivity analysis is performed.

(b) Credit risk

The Society has policies in place for the controlling and monitoring of its credit risk. The credit risk of the Society is attributable to receivables from Lotteries Fund and Innovation and Technology Fund, deposits and other receivables, fixed deposits with original maturity over three months and cash and cash equivalents.

The credit risk of receivables from Lotteries Fund and Innovation and Technology Fund; and deposits and other receivables is limited as the counterparties are either the SWD or reputable organisations have no past history of default in payments. Besides, the Executive Committee has closely monitored the receivable balances on an ongoing basis so as to minimise collection exposure.

The Society’s financial assets are subject to the expected credit loss model. While cash at banks are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as they are mainly deposited in reputable and creditworthy banks.

The Society applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

To measure the expected credit loss, receivables have been grouped on shared credit risk characteristics and the day past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced over a period of past 12 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

On this basis, the loss allowance as at 31st March 2024 and 2023 was considered immaterial.

For other financial assets at amortised cost, no loss allowance provision was determined as at 31st March 2024 and 2023 as the Executive Committee considered that the expected credit loss was immaterial.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and the availability of funding from SWD to meet its financial commitments. The Executive Committee is of the opinion that the Society does not have significant liquidity risk.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Society's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Less than 1 year or on demand | | |
| Payables (note 19) | 4,820,740 | 6,686,983 |
| Home help deposits received | 127,000 | 110,000 |
| Undiscounted lease liabilities (note 20) | 10,618,765 | 8,437,945 |
| | <u>15,566,505</u> | <u>15,234,928</u> |
| More than 1 year and less than 5 years | | |
| Undiscounted lease liabilities (note 20) | 11,283,250 | 6,866,573 |
| | <u>26,849,755</u> | <u>22,101,501</u> |

(d) Cash flow interest rate risk

Other than bank deposits, the Society has no other significant interest-bearing assets and liabilities. The Society's income and operating cash flows are substantially independent of changes in market interest rates.

At 31st March 2024, if interest rates on bank deposits of the Society and trust fund assets had been 50 basis points (2023: 50 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately HK\$1,440,000 (2023: HK\$1,382,000) higher/lower and trust funds would have been approximately HK\$48,000 (2023: HK\$44,000) higher/lower, as a result of higher/lower interest income on the bank deposits.

(e) Price risk

The investments held by the Society, that are classified in the balance sheet as FVOCI included in trust fund assets, are subject to equity securities price risk.

At 31st March 2024, if equity price of the investments had increased/decreased by 5% (2023: 5%) with all other variables held constant, trust fund assets and trust funds would have been increased/decreased by approximately HK\$1,156,000 (2023: HK\$1,575,000), as a result of higher/lower fair value of FVOCI.

3.2 Fund risk management

The Society's objectives when managing own funds are to safeguard the Society's ability to continue as a going concern and to have sufficient funding for its future operations. The Society's overall strategy remains unchanged from prior years.

The own funds of the Society comprise General Fund, Capital Reserve and Designated Funds.

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Society has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

| | 2024 | 2023 |
|--|------------|------------|
| <u>Recurring fair value measurements</u> | | |
| Level 1 | | |
| FVOCI included in Trust fund assets (note 8) | 23,129,578 | 31,492,193 |

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Society is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on society-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Valuation technique used to determine fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Society is the current bid price. These instruments are included in level 1.

(c) The carrying value less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Society for similar financial instruments.

3.4 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made as there are no netting arrangements in place during the year.

4 Critical accounting estimates and judgements

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

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions used on these financial statements that the Executive Committee expect will have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment

| | Leasehold improvements | Furniture, fixtures and equipment | Air-conditioners | Motor vehicles | Construction in progress | Total |
|-----------------------------------|------------------------|-----------------------------------|------------------|----------------|--------------------------|--------------|
| At 1st April 2022 | | | | | | |
| Cost | 65,669,782 | 21,450,311 | 2,885,879 | 17,370,615 | 2,789,953 | 110,166,540 |
| Accumulated depreciation | (50,361,681) | (15,283,826) | (2,042,614) | (15,560,018) | - | (83,248,139) |
| Net book amount | 15,308,101 | 6,166,485 | 843,265 | 1,810,597 | 2,789,953 | 26,918,401 |
| Year ended 31st March 2023 | | | | | | |
| Opening net book amount | 15,308,101 | 6,166,485 | 843,265 | 1,810,597 | 2,789,953 | 26,918,401 |
| Additions | 13,127,393 | 4,106,401 | 639,360 | - | 107,792 | 17,980,946 |
| Disposals (note 29(b)) | (256,090) | (36,500) | (3,400) | - | - | (295,990) |
| - Cost | (1,674,754) | (996,314) | (223,260) | - | - | (2,894,328) |
| - Accumulated depreciation | 1,418,664 | 959,814 | 219,860 | - | - | 2,598,338 |
| Depreciation (note 23) | (7,245,671) | (3,572,504) | (463,490) | (625,645) | - | (11,907,310) |
| Closing net book amount | 20,933,733 | 6,663,882 | 1,015,735 | 1,184,952 | 2,897,745 | 32,696,047 |
| At 31st March 2023 | | | | | | |
| Cost | 77,122,421 | 24,560,398 | 3,301,979 | 17,370,615 | 2,897,745 | 125,253,158 |
| Accumulated depreciation | (56,188,688) | (17,896,516) | (2,286,244) | (16,185,663) | - | (92,557,111) |
| Net book amount | 20,933,733 | 6,663,882 | 1,015,735 | 1,184,952 | 2,897,745 | 32,696,047 |

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment (Continued)

| | Leasehold improvements | Furniture, fixtures and equipment | Air-conditioners | Motor vehicles | Construction in progress | Total |
|-----------------------------------|------------------------|-----------------------------------|------------------|----------------|--------------------------|---------------|
| Year ended 31st March 2024 | | | | | | |
| Opening net book amount | 20,933,733 | 6,663,882 | 1,015,735 | 1,184,952 | 2,897,745 | 32,696,047 |
| Additions | 9,008,665 | 2,543,769 | 446,640 | - | 6,256,728 | 18,255,802 |
| Transfers | 7,072,399 | 422,601 | - | - | (7,495,000) | - |
| Disposals (note 29(b)) | (7,327) | (31,148) | - | - | - | (38,475) |
| - Cost | (66,387) | (1,399,721) | (152,180) | - | - | (1,618,288) |
| - Accumulated depreciation | 59,060 | 1,368,573 | 152,180 | - | - | 1,579,813 |
| Depreciation (note 23) | (8,813,968) | (3,667,326) | (559,040) | (470,203) | - | (13,510,537) |
| Closing net book amount | 28,193,502 | 5,931,778 | 903,335 | 714,749 | 1,659,473 | 37,402,837 |
| At 31st March 2024 | | | | | | |
| Cost | 93,137,098 | 26,127,047 | 3,596,439 | 17,370,615 | 1,659,473 | 141,890,672 |
| Accumulated depreciation | (64,943,596) | (20,195,269) | (2,693,104) | (16,655,866) | - | (104,487,835) |
| Net book amount | 28,193,502 | 5,931,778 | 903,335 | 714,749 | 1,659,473 | 37,402,837 |

Depreciation methods and useful lives

Depreciation of leasehold improvements is calculated to write off their cost less impairment losses over the unexpired periods of the leases or their expected useful lives of 5 years, whichever is shorter. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, to their residual values over their estimated useful lives, as follows:

| | |
|-----------------------------------|-------------|
| Furniture, fixtures and equipment | 3 - 5 years |
| Air-conditioners | 3 years |
| Motor vehicles | 5 years |

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment (Continued)

Depreciation methods and useful lives (Continued)

No depreciation is made on assets under construction in progress until such time when the relevant assets are available for their intended use.

See note 31.2 for the other accounting policies relevant to property, plant and equipment.

Depreciation expense of HK\$13,510,537 (2023: HK\$11,907,310) has been charged in other expenses.

6 Right-of-use assets

| | Offices and service centers |
|-----------------------------------|--------------------------------|
| At 1st April 2022 | |
| Cost | 21,805,654 |
| Accumulated depreciation | (17,128,079) |
| Net book amount | <u>4,677,575</u> |
| Year ended 31st March 2023 | |
| Opening net book amount | 4,677,575 |
| Additions | 16,546,904 |
| Depreciation (note 23) | (7,228,392) |
| Closing net book amount | <u>13,996,087</u> |
| At 31st March 2023 | |
| Cost | 38,352,558 |
| Accumulated depreciation | (24,356,471) |
| Net book amount | <u>13,996,087</u> |
| Year ended 31st March 2024 | |
| Opening net book amount | 13,996,087 |
| Additions | 15,646,513 |
| Depreciation (note 23) | (10,267,456) |
| Closing net book amount | <u>19,375,144</u> |
| At 31st March 2024 | |
| Cost | 53,999,071 |
| Accumulated depreciation | (34,623,927) |
| Net book amount | <u>19,375,144</u> |

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

6 Right-of-use assets (Continued)

Details of the maturity analysis of lease liabilities and total cash outflow for leases in 2024 are set out in notes 20 and 29(d) respectively.

The Company's leasing activities and how these are accounted for

The Society leases offices and service centers. Rental contracts are typically made for fixed period of 1 to 3 years with no extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose covenants, but lease assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Society allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Society, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Society:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Society is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Variable lease payments are not included as part of the measurement and initial recognition of the lease liability. The Society shall recognise those lease payments in the statement of comprehensive income in the periods that triggered those lease payments.

Payments associated with short-term leases of office premises and service centres and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office premises and service centres.

See note 31.15 for the other accounting policies relevant to leases.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

7 Financial instruments by category

The Society holds the following financial instruments:

| | Financial assets at amortised cost | FVOCI | Total |
|--|--|-------------------|--------------------|
| <u>31st March 2024</u> | | | |
| Financial assets | | | |
| Trust fund assets (note 8) | 9,537,201 | 23,129,578 | 32,666,779 |
| Receivables from Lotteries Fund (note 9) | 9,798,947 | - | 9,798,947 |
| Receivables from Innovation and Technology Fund | 465,000 | - | 465,000 |
| Deposits and other receivables (note 10) | 38,144,394 | - | 38,144,394 |
| Fixed deposits with original maturity over three months (note 11) | 58,861,730 | - | 58,861,730 |
| Cash and cash equivalents (note 11) | 241,937,662 | - | 241,937,662 |
| | <u>358,744,934</u> | <u>23,129,578</u> | <u>381,874,512</u> |
| <u>31st March 2023</u> | | | |
| Financial assets | | | |
| Trust fund assets (note 8) | 8,778,171 | 31,492,193 | 40,270,364 |
| Receivables from Lotteries Fund (note 9) | 1,009,966 | - | 1,009,966 |
| Receivables from Innovation and Technology Fund | 178,333 | - | 178,333 |
| Deposits and other receivables (note 10) | 46,479,192 | - | 46,479,192 |
| Fixed deposits with original maturity over three months (note 11) | 56,278,389 | - | 56,278,389 |
| Cash and cash equivalents (note 11) | 243,037,882 | - | 243,037,882 |
| | <u>355,761,933</u> | <u>31,492,193</u> | <u>387,254,126</u> |
| | | 2024 | 2023 |
| Financial liabilities at amortised cost | | | |
| Payables (note 19) | | 4,820,740 | 6,686,983 |
| Home help deposits received | | 127,000 | 110,000 |
| Lease liabilities (note 20) | | 20,015,018 | 14,501,494 |
| | | <u>24,962,758</u> | <u>21,298,477</u> |

The Society's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

8 Trust fund assets

| | 2024 | 2023 |
|---|-------------------|-------------------|
| FVOCI | | |
| Equity securities, at market value | | |
| - listed in Hong Kong | 23,129,578 | 31,492,193 |
| Bank balances and cash | 9,537,201 | 8,778,171 |
| | <u>32,666,779</u> | <u>40,270,364</u> |
| Total trust fund assets | <u>32,666,779</u> | <u>40,270,364</u> |
| Represented by: | | |
| Investment costs | 1,093,572 | 1,093,572 |
| Fixed deposits with original maturity over three months | 7,166,063 | 6,839,664 |
| Other bank balances and cash | 2,371,138 | 1,938,507 |
| Revaluation surplus on FVOCI | 22,036,006 | 30,398,621 |
| | <u>32,666,779</u> | <u>40,270,364</u> |

(a) Classification of financial assets at FVOCI

FVOCI comprise equity securities which are not held for trading and which the Society has irrevocably elected at initial recognition to recognise in this category.

(b) Equity investments at FVOCI

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Non-current assets | | |
| - Listed equity securities, at market value | 23,129,578 | 31,492,193 |
| | <u>23,129,578</u> | <u>31,492,193</u> |

(c) Information about the methods and assumptions used in determining fair value is provided in note 3.3. The fair value of the financial assets is determined by the Executive Committee by reference to the market value as at the balance sheet date.

Trust fund assets are denominated in Hong Kong dollars.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund

| | Specialised Co-parenting Support Centre Fitting-out Works | Pilot Scheme on Social Work Service for Pre-primary Institutions (Phase 1) | Sub-base of EHCCS Shun Lee Service Centre Furniture & Equipment | IFSC North Point Centre Fitting-out Works for Reprovisioning | IFSC North Point Centre Furniture and Equipment for Reprovisioning | IHC Kwai Fong Service Centre Fitting-out Works for Reprovisioning | Sub-total to next page |
|--|---|--|---|--|--|---|------------------------|
| At 1st April 2022 | 50,000 | 120,630 | 105,958 | - | - | - | 356,588 |
| Add: Expenditure incurred during the year | - | 76,888 | - | 5,607,720 | 354,951 | 2,168,773 | 9,452,887 |
| Less: Funds received during the year | (50,000) | (197,518) | (105,958) | (5,530,720) | (298,219) | (1,904,091) | (9,256,809) |
| At 31st March 2023 and 1st April 2023 | - | - | - | 77,000 | 56,732 | 264,682 | 552,666 |
| Add: Expenditure incurred during the year | - | - | - | 2,691,906 | - | 15,228 | 2,707,134 |
| Less: Funds received during the year | - | - | - | (77,000) | (56,732) | (279,910) | (413,642) |
| At 31st March 2024 | - | - | - | 2,691,906 | - | - | 2,846,158 |

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund (Continued)

| | | IHC Kwai Fong Service Centre Furniture & Equipment for Reprovisioning | Pilot Scheme on CCSV for the Elderly Replacement of Non-serviceable Furniture & Equipment | IHC Kwai Fong Service Centre Reinstatement Works | IFSC Kwai Chung Centre Kwai Chung (South) Reinstatement Works | IFSC North Point Centre Reinstatement Works (Main Base) | Sub-total to next page |
|--|-------------|---|---|---|--|---|---------------------------|
| At 1st April 2022 | 356,588 | 7,559 | 45,598 | - | - | - | 409,745 |
| Add: Expenditure incurred during the year | 9,452,887 | 36,401 | - | 99,900 | 159,900 | 122,900 | 9,871,988 |
| Less: Funds received during the year | (9,256,809) | (43,960) | (45,598) | - | - | - | (9,346,367) |
| At 31st March 2023 and 1st April 2023 | 552,666 | - | - | 99,900 | 159,900 | 122,900 | 935,366 |
| Add: Expenditure incurred during the year | 2,707,134 | - | - | - | - | - | 2,707,134 |
| Less: Funds received during the year | (413,642) | - | - | (99,900) | (159,900) | (122,900) | (796,342) |
| At 31st March 2024 | 2,846,158 | - | - | - | - | - | 2,846,158 |

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund (Continued)

| | | IFSC North Point Centre Reinstatement Works (Sub-base) | EHCCS Sham Shui Po Service Centre Fitting-out Works | School Social Work Office in North Point Fitting-out Works | EHCCS Sham Shui Po Service Centre Furniture and Equipment for Reprovisioning | School Social Work Office in North Point Furniture and Equipment for Reprovisioning | Total |
|--|-------------|--|---|---|--|--|-------------|
| At 1st April 2022 | 409,745 | - | - | - | - | - | 409,745 |
| Add: Expenditure incurred during the year | 9,871,988 | 74,600 | - | - | - | - | 9,946,588 |
| Less: Funds received during the year | (9,346,367) | - | - | - | - | - | (9,346,367) |
| At 31st March 2023 and 1st April 2023 | 935,366 | 74,600 | - | - | - | - | 1,009,966 |
| Add: Expenditure incurred during the year | 2,707,134 | - | 3,314,870 | 3,405,921 | 138,032 | 93,966 | 9,659,923 |
| Less: Funds received during the year | (796,342) | (74,600) | - | - | - | - | (870,942) |
| At 31st March 2024 | 2,846,158 | - | 3,314,870 | 3,405,921 | 138,032 | 93,966 | 9,798,947 |

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

10 Deposits, prepayments and other receivables

| | 2024 | 2023 |
|----------------------------|-------------------|-------------------|
| Utility and other deposits | 3,235,879 | 2,286,929 |
| Other receivables | 34,908,515 | 44,192,263 |
| | <u>38,144,394</u> | <u>46,479,192</u> |
| Financial assets | 38,144,394 | 46,479,192 |
| Prepayments | 3,968,963 | 7,983,156 |
| | <u>42,113,357</u> | <u>54,462,348</u> |

As at 31st March 2024, the Executive Committee considered that the expected credit loss for deposits and other receivables was immaterial thus no loss allowance was made.

The balances do not contain impaired assets. The Society does not hold any collateral as security.

The carrying amounts of deposits and other receivables approximate their fair values as at 31st March 2024 and 2023, and are denominated in Hong Kong dollars.

11 Fixed deposits with original maturity over three months and cash and cash equivalents

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Fixed deposits with original maturity over three months | 58,861,730 | 56,278,389 |
| Cash and cash equivalents | | |
| - Cash at banks and in hand | 241,937,662 | 243,037,882 |
| | <u>300,799,392</u> | <u>299,316,271</u> |
| Maximum exposure to credit risk | <u>300,503,992</u> | <u>299,033,871</u> |

The carrying amounts of fixed deposits with original maturity over three months and cash and cash equivalents are denominated in Hong Kong dollars.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**11 Fixed deposits with original maturity over three months and cash and cash equivalents (Continued)**

Analysis of the balances of cash and cash equivalents can be summarised by reserves and working capital as follows:

| | Note | 2024 | 2023 |
|---|-------------|--------------------|--------------------|
| Social Welfare Lump Sum Grant Reserves assets | | | |
| - Lump Sum Grant Reserve assets | 15(a) | 129,162,275 | 129,973,730 |
| - Provident Fund Reserve assets | 15(b) | 23,586,026 | 22,288,457 |
| - Subvented Employee Benefit Reserve assets | 15(a) & (c) | 22,805,536 | 23,327,105 |
| Social Welfare Subvention Reserve assets | 16 | 15,894,551 | 11,427,660 |
| Working capital | | 50,489,274 | 56,020,930 |
| | | <u>241,937,662</u> | <u>243,037,882</u> |

12 General Fund

| | 2024 | 2023 |
|--|-------------------|-------------------|
| At 1st April | 93,222,469 | 95,573,449 |
| Deficit transferred to the statement of comprehensive income | (5,730,611) | (950,980) |
| Transfer to Capital Reserve.(note 13) | - | (1,400,000) |
| At 31st March | <u>87,491,858</u> | <u>93,222,469</u> |

General Fund is used to finance the subvented and unsubvented activities of the Society. All the income and expenditure of this fund are accounted for in the statement of comprehensive income. Any surpluses/deficits are transferred from the statement of comprehensive income to this fund.

13 Capital Reserve

| | 2024 | 2023 |
|--|------------------|----------------|
| At 1st April | 906,430 | 175,475 |
| Deficit transferred to the statement of comprehensive income | (1,108,194) | (669,045) |
| Transfer from General Fund (note 12) | - | 1,400,000 |
| At 31st March | <u>(201,764)</u> | <u>906,430</u> |

Capital Reserve represents the fund set aside from General Fund for the purpose of funding any unsubvented capital expenditure which may be required for the development of the Society. The expenditure relating to this reserve is directly dealt with in the statement of comprehensive income and then transferred from the statement of comprehensive income to this reserve.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds

| | P. S. Cassidy and Sir Douglas Clague Charitable Donation (note a) | Carer Support and Elderly Service (note b) | Staff Welfare Fund (note c) | Family Psychiatric Consultation Service (note d) | HOCC Education Grant (note e) | Innovative Services of Love for Family (note f) | Sub-total to next page |
|--|--|---|-----------------------------------|--|--|--|---------------------------|
| At 1st April 2022 | 31,424,196 | 2,931,770 | 1,096,489 | 21,511 | 8,543 | 2,411,444 | 37,893,953 |
| Surplus/(deficit) transferred from/(to) the statement of comprehensive income | 1,496,746 | 76,251 | (651,118) | - | 101,840 | (89,892) | 933,827 |
| Transfer of account | - | - | - | - | - | 21,250 | 21,250 |
| At 31st March 2023 and 1st April 2023 | 32,920,942 | 3,008,021 | 445,371 | 21,511 | 110,383 | 2,342,802 | 38,849,030 |
| Surplus/(deficit) transferred from/(to) the statement of comprehensive income | 1,777,065 | 14,750 | (986,175) | - | (72,266) | (118,935) | 614,439 |
| Transfer of account | - | - | - | - | - | 68,160 | 68,160 |
| At 31st March 2024 | 34,698,007 | 3,022,771 | (540,804) | 21,511 | 38,117 | 2,292,027 | 39,531,629 |

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds (Continued)

| | Sub-total from previous page | The Zonta White House (note g) | Family Emergency Assistance Relief Grant (note h) | Yi Shan Asia Charity Limited (note i) | Others (note j) | Total |
|--|------------------------------------|--------------------------------------|---|--|--------------------|------------|
| At 1st April 2022 | 37,893,953 | 1,704,282 | 352,038 | (15,360) | 7,304,126 | 47,239,039 |
| Surplus/(deficit) transferred from/(to) the statement of comprehensive income | 933,827 | (294,487) | 1,072,234 | (71,640) | (1,994,599) | (354,665) |
| Transfer of account | 21,250 | - | - | - | (21,250) | - |
| At 31st March 2023 and 1st April 2023 | 38,849,030 | 1,409,795 | 1,424,272 | (87,000) | 5,288,277 | 46,884,374 |
| Surplus/(deficit) transferred from/(to) the statement of comprehensive income | 614,439 | (404,844) | (1,436,005) | 14,606 | 1,929,509 | 717,705 |
| Transfer of account | 68,160 | - | - | - | (68,160) | - |
| At 31st March 2024 | 39,531,629 | 1,004,951 | (11,733) | (72,394) | 7,149,626 | 47,602,079 |

Designated Funds represent funds set aside from the General Fund for the designated unsubvented activities. The income and expenditure relating to these designated funds are directly dealt with in the statement of comprehensive income. Any net surpluses or deficits relating to these funds are transferred from the statement of comprehensive income to these Designated Funds.

Upon the completion of the activities of the respective Designated Funds, the unused or deficient balances are transferred to General Fund.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds (Continued)

- (a) P. S. Cassidy and Sir Douglas Clague Charitable Donation
Represent dividend and interest income from the P. S. Cassidy and Sir Douglas Clague Charitable Donation, and is designated for providing the improvement of services.
- (b) Carer Support and Elderly Service
Represent funds designated to support services for carers and elderly.
- (c) Staff Welfare Fund
Represent funds designated for staff welfare and training purposes.
- (d) Family Psychiatric Consultation Service
Represent funds designated to provide psychiatric consultation service for families.
- (e) HOCC Education Grant
Represent funds designated to provide financial assistance to the deprived children in their education ventures.
- (f) Innovative Services of Love for Family
Represent funds designated to develop the innovative services to meet the service gaps and promote a caring community for family service, youth service and carers support service.
- (g) The Zonta White House
Represent funds designated for the refurbishment and recurrent costs of the Family Retreat Centre.
- (h) Family Emergency Assistance Relief Grant
Represent funds designated to provide emergency financial assistance to the families that are suffering from crisis and assist them to reconstruct normal family functions.
- (i) Yi Shan Asia Charity Limited
Represent funds designated to help families in need of financial support. These families who have been hovering between the middle and lower class and the poverty line are helplessly set back by the epidemic and are stuck in a financial quagmire.
- (j) Others
Represent the funds other than those mentioned above.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

15 Social Welfare Lump Sum Grant Reserves

| | Lump Sum Grant Reserve (note a) | Provident Fund Reserve (note b) | Subvented Employee Benefit Reserve (notes a & c) | Total |
|---|--|--|--|--------------|
| At 1st April 2022 | 148,188,044 | 21,767,819 | 25,689,640 | 195,645,503 |
| Surplus transferred from the statement of comprehensive income | 96,751 | 522,274 | - | 619,025 |
| Transfer from Social Welfare Subvention Reserve (note 16) | - | - | 518,506 | 518,506 |
| Transfer | 2,881,041 | - | (2,881,041) | - |
| Refund of prior years' surplus to SWD | (21,192,106) | (1,636) | - | (21,193,742) |
| At 31st March 2023 and 1st April 2023 | 129,973,730 | 22,288,457 | 23,327,105 | 175,589,292 |
| Surplus/(deficit) transferred from/(to) the statement of comprehensive income | (738,751) | 1,011,462 | - | 272,711 |
| Transfer to Social Welfare Subvention Reserve (note 16) | - | - | (196,968) | (196,968) |
| Transfer | (72,704) | 397,305 | (324,601) | - |
| Refund of prior years' surplus to SWD | - | (111,198) | - | (111,198) |
| At 31st March 2024 | 129,162,275 | 23,586,026 | 22,805,536 | 175,553,837 |

Lump sum grant was implemented by Social Welfare Department (the "SWD") to cover certain approved expenditures including staff costs, provident fund contributions and other expenditure. Any unspent lump sum grant for the year is transferred from the statement of comprehensive income to the respective designated lump sum grant reserves included in Social Welfare Lump Sum Grant Reserves and Social Welfare Subvention Reserve in note 16 for the Society's future use.

- (a) These reserves represent the unspent lump sum grants which according to Rule 2.33 of the "Social Welfare Services Lump Sum Grant Manual" must be kept in a separate interest-bearing account and is capped at 25% of the Society's relevant annual lump sum grant operating expenditure. These reserves can be used at the discretion of the Society subject to these reserves must be used on Funding and Service Agreement activities and the related support services, and any amount above the 25% cap needs to be refunded to the SWD in the following financial year. However, with reference to a letter from SWD dated 1st November 2007, the cumulative Lump Sum Grant Reserve and Subvented Employee Benefit Reserve as at 31st March 2008 are not subject to claw back.
- (b) Provident Fund Reserve can only be used for provident fund commitments in respect of Funding and Service Agreements activities and the related support services.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

15 Social Welfare Lump Sum Grant Reserves (Continued)

(c) Subvented Employee Benefit Reserve is represented by:

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Employee entitlements to unutilised annual leave | 21,416,844 | 21,698,342 |
| Employee entitlements to long service payments | 1,388,692 | 1,628,763 |
| | <u>22,805,536</u> | <u>23,327,105</u> |

Approximately 91% (2023: 91%) of the Society's employee benefits are subsidised by the SWD. The Executive Committee of the Society decided to support the employee entitlements to unutilised annual leave and long service payments as a result of services rendered by the subvented employees up to the balance sheet date by transferring the estimated amount from the unspent Lump Sum Grant Reserve to the Subvented Employee Benefit Reserve and Social Welfare Subvention Reserve.

16 Social Welfare Subvention Reserve

| | Central items reserve | Rent and rates reserve | Interest received | Total |
|---|-----------------------------|------------------------------|----------------------|-------------------|
| At 1st April 2022 | 11,705,715 | 445,466 | 131,466 | 12,282,647 |
| Surplus/(deficit) transferred from/(to) the statement of comprehensive income | 6,579,782 | (347,231) | 20,839 | 6,253,390 |
| Transfer to Social Welfare Lump Sum Grant Reserves (note 15) | (518,506) | - | - | (518,506) |
| Refund of prior years' surplus to SWD | (6,224,056) | (365,815) | - | (6,589,871) |
| | <u>11,542,935</u> | <u>(267,580)</u> | <u>152,305</u> | <u>11,427,660</u> |
| At 31st March 2023 and 1st April 2023 | 11,542,935 | (267,580) | 152,305 | 11,427,660 |
| Surplus/(deficit) transferred from/(to) the statement of comprehensive income | 12,250,322 | (129,115) | - | 12,121,207 |
| Transfer from Social Welfare Lump Sum Grant Reserves (note 15) | 196,968 | - | - | 196,968 |
| Refund of prior years' surplus to SWD | (7,333,524) | (517,760) | - | (7,851,284) |
| | <u>16,656,701</u> | <u>(914,455)</u> | <u>152,305</u> | <u>15,894,551</u> |
| At 31st March 2024 | <u>16,656,701</u> | <u>(914,455)</u> | <u>152,305</u> | <u>15,894,551</u> |

These reserves cannot be used without the prior approval of the Executive Committee.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

17

Trust Funds

| | Arthur Edmondson Quinn Memorial Trust (note a) | P. S. Cassidy and Sir Douglas Clague Charitable Donation (note b) | Benefactors Fund (note c) | Individual sponsorships (note d) | Others (note d) | Total |
|---|---|---|---------------------------------|--|--------------------|-------------|
| At 1st April 2022 | 1,485,807 | 33,685,687 | 563,791 | 7,798,069 | 1,284,977 | 44,818,331 |
| Funds entrusted | - | - | 51,000 | 5,696,092 | - | 5,747,092 |
| Bank interest | 3,428 | 24,909 | 521 | 35,516 | - | 64,374 |
| Dividends from listed investments | 22,612 | 1,471,838 | - | 84,741 | - | 1,579,191 |
| Utilised during the year | - | - | (36,539) | (5,278,845) | (5,235) | (5,320,619) |
| Income transferred to the statement of comprehensive income | - | (1,496,746) | - | - | - | (1,496,746) |
| Revaluation (deficit)/surplus | 85,362 | (4,457,395) | - | (749,226) | - | (5,121,259) |
| At 31st March 2023 and 1st April 2023 | 1,597,209 | 29,228,293 | 578,773 | 7,586,347 | 1,279,742 | 40,270,364 |
| Funds entrusted | - | - | 505,580 | 3,951,816 | - | 4,457,396 |
| Bank interest | 32,854 | 244,798 | 5,990 | 171,930 | - | 455,572 |
| Dividends from listed investments | 78,483 | 1,532,267 | - | 129,836 | - | 1,740,586 |
| Utilised during the year | - | - | (129,873) | (3,985,938) | (1,650) | (4,117,461) |
| Income transferred to the statement of comprehensive income | - | (1,777,065) | - | - | - | (1,777,065) |
| Revaluation (deficit)/surplus | 9,703 | (7,882,708) | - | (489,608) | - | (8,362,613) |
| At 31st March 2024 | 1,718,249 | 21,345,585 | 960,470 | 7,364,383 | 1,278,092 | 32,666,779 |

Trust funds are established from donations earmarked for specific purposes. Any surpluses need to be refunded to the donors and cannot be used by the Society on other purposes without approval from the donors. All the income and expenditure of trust funds are directly credited and debited to the respective fund account. The assets of the trust funds are set out in note 8.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

17 Trust Funds (Continued)

(a) Arthur Edmondson Quinn Memorial Trust

Represent funds available for further or specialist training to staff.

(b) P.S. Cassidy and Sir Douglas Clague Charitable Donation

Represent the capital portion of the fund. According to the trust deed, the Society has to maintain the capital portion of the fund and can apply the income derived from the fund for charitable purposes of the Society. Accordingly, the interest income and dividend income derived from the fund are transferred to the statement of comprehensive income.

(c) Benefactors Fund

Represent donations received for providing assistance to needy families and individuals.

(d) Individual sponsorships and others

Represent funds held in trust for use on behalf of clients or other designated purposes.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income

| | Lotteries Fund Block Grant Reserve (note a) | Deferred income on property, plant and equipment (note b) | SWDF (note c) | Deferred income on projects | Total |
|---|--|---|------------------|--------------------------------|-------------------|
| Year ended 31st March 2023 | | | | | |
| Allocation from LFBG during the year | 7,895,000 | - | - | - | 7,895,000 |
| Allocation from SWD during the year | - | - | 74,555 | - | 74,555 |
| Sponsorship/grant received during the year | - | 9,761,267 | - | 52,676,187 | 62,437,454 |
| Other income | 11,000 | - | - | - | 11,000 |
| Interest income received | 6,213 | - | 3,713 | 12,969 | 22,895 |
| Expenditure incurred during the year | (2,349,479) | - | (231,044) | (51,565,267) | (54,145,790) |
| Depreciation on property, plant and equipment | (2,519,727) | (7,125,048) | (472,434) | - | (10,117,209) |
| Loss on disposal of property, plant and equipment | (102,560) | - | - | - | (102,560) |
| Increase/(decrease) for the year | 2,940,447 | 2,636,219 | (625,210) | 1,123,889 | 6,075,345 |
| At 1st April 2022 | 13,743,003 | 14,045,861 | 2,028,396 | 1,659,420 | 31,476,680 |
| At 31st March 2023 | 16,683,450 | 16,682,080 | 1,403,186 | 2,783,309 | 37,552,025 |
| Represented by: | | | | | |
| Unspent balance (note 18(a)) | 8,934,714 | - | 543,707 | 2,783,309 | 12,261,730 |
| Depreciative property, plant and equipment | 7,748,736 | 16,682,080 | 859,479 | - | 25,290,295 |
| | 16,683,450 | 16,682,080 | 1,403,186 | 2,783,309 | 37,552,025 |
| Current portion | 5,839,209 | 6,839,653 | 785,784 | 2,007,672 | 15,472,318 |
| Non-current portion | 10,844,241 | 9,842,427 | 617,402 | 775,637 | 22,079,707 |
| | 16,683,450 | 16,682,080 | 1,403,186 | 2,783,309 | 37,552,025 |

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income (Continued)

| | Lotteries Fund Block Grant Reserve (note a) | Deferred income on property, plant and equipment (note b) | SWDF (note c) | Deferred income on projects | Total |
|---|--|---|------------------|--------------------------------|--------------|
| Year ended 31st March 2024 | | | | | |
| Allocation from LFBG during the year | 8,495,000 | 10,343,706 | - | - | 8,495,000 |
| Sponsorship/grant received during the year | - | - | - | 38,208,474 | 48,552,180 |
| Other income | 25,850 | - | - | - | 25,850 |
| Interest income received | 66,514 | - | 9,128 | 29,779 | 105,421 |
| Expenditure incurred during the year | (1,973,778) | - | - | (36,352,928) | (38,326,706) |
| Depreciation on property, plant and equipment | (3,082,663) | (7,459,025) | (433,124) | - | (10,974,812) |
| Loss on disposal of property, plant and equipment | (21,840) | (9,308) | - | - | (31,148) |
| At 1st April 2023 | | | | | |
| Increase/(decrease) for the year | 3,509,083 | 2,875,373 | (423,996) | 1,885,325 | 7,845,785 |
| At 31st March 2024 | | | | | |
| Unspent balance (note 18(a)) | 16,683,450 | 16,682,080 | 1,403,186 | 2,783,309 | 37,552,025 |
| Depreciative property, plant and equipment | 20,192,533 | 19,557,453 | 979,190 | 4,668,634 | 45,397,810 |
| Represented by: | | | | | |
| Unspent balance (note 18(a)) | 11,599,694 | - | 552,835 | 4,668,634 | 16,821,163 |
| Depreciative property, plant and equipment | 8,592,839 | 19,557,453 | 426,355 | - | 28,576,647 |
| Current portion | 20,192,533 | 19,557,453 | 979,190 | 4,668,634 | 45,397,810 |
| Non-current portion | 7,067,386 | 6,453,957 | 822,520 | 4,124,806 | 18,468,669 |
| | 13,125,147 | 13,103,496 | 156,670 | 543,828 | 26,929,141 |
| | 20,192,533 | 19,557,453 | 979,190 | 4,668,634 | 45,397,810 |

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS**18 Deferred income (Continued)**

(a) Lotteries Fund Block Grant Reserve

Lotteries Fund Block Grant Reserve represents lump sum government grants for replenishment of furniture and equipment and minor works for existing premises providing subvented welfare services.

Movement of the unspent balance of Lotteries Fund Block Grant Reserve are as below:

| | 2024 | 2023 |
|---|--------------------------|-------------------------|
| Balance as at 1st April | 8,934,714 | 8,647,216 |
| Add: Block Grant received during the year | 8,495,000 | 7,895,000 |
| Interest income received | 66,514 | 6,213 |
| Other income | 25,850 | 11,000 |
| | <u>8,587,364</u> | <u>7,912,213</u> |
| Less: Expenditure during the year | | |
| Minor Works Projects | (2,976,614) | (3,325,036) |
| Furniture & Equipment | (2,640,460) | (4,018,839) |
| Vehicle Overhauling | (305,310) | (280,840) |
| | <u>(5,922,384)</u> | <u>(7,624,715)</u> |
| Balance as at 31st March | <u><u>11,599,694</u></u> | <u><u>8,934,714</u></u> |

(b) Deferred income on property, plant and equipment

Grants or donations received relating to purchases of property, plant and equipment are deferred and recognised on a straight-line basis over the expected lives of the related assets.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income (Continued)

(c) SWDF

SWDF supports training and professional development, capacity enhancement initiatives, and service delivery enhancement studies of the subvented services under Phase 3.

Movement of unspent balance of SWDF funded by Lotteries Fund are as below:

Use of SWDF Phase 3

| | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| Balance as at 1st April | 543,707 | 1,534,603 |
| Allocation from SWDF during the year | - | 74,555 |
| Interest income received | 9,128 | 3,713 |
| | <hr/> | <hr/> |
| Expenditure during the year | | |
| Projects under scope A | - | (168,465) |
| Projects under scope B (IT) | - | (897,012) |
| Administrative support | - | (3,687) |
| | <hr/> | <hr/> |
| Total expenditure during the year | - | (1,069,164) |
| | <hr/> | <hr/> |
| Balance as at 31st March | <u>552,835</u> | <u>543,707</u> |

19 Payables and receipts in advance

| | 2024 | 2023 |
|---------------------|-------------------|-------------------|
| Payables | 4,820,740 | 6,686,983 |
| Receipts in advance | 10,997,148 | 12,418,531 |
| | <hr/> | <hr/> |
| | <u>15,817,888</u> | <u>19,105,514</u> |

The carrying amounts of payables approximate their fair values as at 31st March 2024 and 2023, and are denominated in Hong Kong dollars.

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NOTES TO THE FINANCIAL STATEMENTS

20 Lease liabilities

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Current | 9,741,076 | 7,832,349 |
| Non-current | 10,273,942 | 6,669,145 |
| | <u>20,015,018</u> | <u>14,501,494</u> |
| Minimum lease payments | | |
| - Within one year | 10,618,765 | 8,437,945 |
| - Over one year and less than five years | 11,283,250 | 6,866,573 |
| | <u>21,902,015</u> | <u>15,304,518</u> |
| Less: Total future interest expenses | (1,886,997) | (803,024) |
| Present value of lease liabilities | <u>20,015,018</u> | <u>14,501,494</u> |

The nature of the Society's leasing activities by type of right-of-use assets recognised on balance sheet is detailed in note 6.

Interest expense of HK\$1,162,171 (2023: HK\$810,488) has been charged in the statement of comprehensive income.

21 Employee benefit expense

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Salaries | 530,766,225 | 485,700,260 |
| Pension costs - defined contribution scheme and MPF scheme | 42,189,052 | 39,861,688 |
| Staff welfare and other benefits | 3,371,187 | 2,200,464 |
| Reversal of provision for unutilised annual leave and long service payments | (103,394) | (1,105,282) |
| Total | <u>576,223,070</u> | <u>526,657,130</u> |

22 Programme expenses

These are expenses incurred for, or relating to, programmes carried out by the Society. These include advertising, printing and stationery, miscellaneous administrative expenses and rental for venues used in carrying out the programmes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**23 Premises and other expenses**

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Auditor's remuneration - audit services | 508,500 | 624,100 |
| Depreciation | | |
| - Property, plant and equipment (note 5) | 13,510,537 | 11,907,310 |
| - Right-of-use assets (note 6) | 10,267,456 | 7,228,392 |
| Electricity | 3,207,154 | 2,830,479 |
| Insurance | 5,083,776 | 4,525,338 |
| Loss on disposal of property, plant and equipment (note 29(b)) | 38,475 | 295,990 |
| Nursing care consumables | 9,320,729 | 9,763,366 |
| Operating lease (including non-lease components, low value and short-term lease) in respect of office premises and service centres | 5,122,655 | 5,030,374 |
| Repairs and maintenance | 8,467,045 | 8,465,539 |
| Rent concessions | (76,500) | (459,000) |
| Telephone charges | 2,354,031 | 2,405,744 |
| Travelling | 921,070 | 931,280 |
| Training/course/workshop | 3,077,948 | 2,940,630 |
| Printing and stationery | 1,657,340 | 1,581,152 |
| Others | 9,272,552 | 10,538,563 |
| Total | <u>72,732,768</u> | <u>68,609,257</u> |

24 Donation funding for specific projects

Included in donation funding for specific projects from "other sponsors" are the following programmes of which the relevant income and expenditure are summarised as below:

(a) EDB-School-based After-school Support ProgrammesYear ended 31st March 2024

| | Period from 1st April 2023 to 31st July 2023 (School Year 2022/23) | | Period from 1st August 2023 to 31st March 2024 (School Year 2023/24) | | Total |
|---|--|------------------|--|------------------|------------------|
| | HKE2206 | KWT2213 | HKE2306 | KWT2306 | |
| Income | | | | | |
| - Funds received from Education Bureau | 18,324 | - | 119,957 | 184,958 | 323,239 |
| - Fee income received | - | 123,210 | - | - | 123,210 |
| | <u>18,324</u> | <u>123,210</u> | <u>119,957</u> | <u>184,958</u> | <u>446,449</u> |
| Expenditure | | | | | |
| - Staff costs | (21,229) | (101,758) | (64,188) | (190,750) | (377,925) |
| - Programme expenses | (62,010) | (37,283) | (37,468) | (25,471) | (162,232) |
| | <u>(83,239)</u> | <u>(139,041)</u> | <u>(101,656)</u> | <u>(216,221)</u> | <u>(540,157)</u> |
| Net (deficit)/surplus | <u>(64,915)</u> | <u>(15,831)</u> | <u>18,301</u> | <u>(31,263)</u> | <u>(93,708)</u> |

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**24 Donation funding for specific projects (Continued)****(a) EDB-School-based After-school Support Programmes (Continued)**Year ended 31st March 2023

| | Period from 1st April 2022 to 31st August 2022 (School Year 2021/22) | | Period from 1st August 2022 to 31st March 2023 (School Year 2022/23) | | Total |
|---|--|-----------------|--|------------------|------------------|
| | HKE2108 | KWT2111 | HKE2206 | KWT2213 | |
| Income | | | | | |
| - Funds received from Education Bureau | 8,731 | - | 119,221 | 172,770 | 300,722 |
| - Fee income received | - | 127,864 | - | - | 127,864 |
| | <u>8,731</u> | <u>127,864</u> | <u>119,221</u> | <u>172,770</u> | <u>428,586</u> |
| Expenditure | | | | | |
| - Staff costs | (12,735) | (65,472) | (39,556) | (133,418) | (251,181) |
| - Programme expenses | (56,657) | (19,205) | (22,134) | (18,669) | (116,665) |
| | <u>(69,392)</u> | <u>(84,677)</u> | <u>(61,690)</u> | <u>(152,087)</u> | <u>(367,846)</u> |
| Net (deficit)/surplus | <u>(60,661)</u> | <u>43,187</u> | <u>57,531</u> | <u>20,683</u> | <u>60,740</u> |

(b) Programmes from Community Care Fund

Hong Kong Family Welfare Society has complied with the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Programme.

Year ended 31st March 2024

| | Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase IV | Scheme on Living Allowance for Carers of Elderly Persons from Low-income Families | Total |
|-----------------------|---|--|-----------------|
| Funds received | 7,920 | 20,000 | 27,920 |
| Expenditure | (81,540) | - | (81,540) |
| Net (deficit)/surplus | <u>(73,620)</u> | <u>20,000</u> | <u>(53,620)</u> |

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

24 Donation funding for specific projects (Continued)

(b) Programmes from Community Care Fund (Continued)

Year ended 31st March 2023

| | Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase IV | Scheme on Living Allowance for Carers of Elderly Persons from Low-income Families | Total |
|----------------|--|---|---------------|
| Funds received | 27,720 | - | 27,720 |
| Expenditure | - | - | - |
| Net surplus | <u>27,720</u> | <u>-</u> | <u>27,720</u> |

(c) Programmes from The Community Chest

| | "Parade of Lights" – Pilot Project on "Child-focused" Intervention Programme for Children Facing Parental Conflicts/ Separation or Divorce | |
|----------------|--|----------------|
| | 2024 | 2023 |
| Funds received | - | - |
| Expenditure | (2,410) | (3,340) |
| Net deficit | <u>(2,410)</u> | <u>(3,340)</u> |

(d) HSBC Community Partnership Programme from the Hongkong and Shanghai Banking Corporation Limited

Year ended 31st March 2024

| | Financial Literacy Enrichment Project in Sham Shui Po District | Empowering Your Life's Second Half Financial Education Project | Be The Powerful Partners For Elderly | Total |
|---------------------|--|--|--------------------------------------|--------------|
| Funds received | - | 172,843 | 135,506 | 308,349 |
| Fee income received | - | - | 9,885 | 9,885 |
| Expenditure | (583) | (172,843) | (145,391) | (318,817) |
| Net deficit | <u>(583)</u> | <u>-</u> | <u>-</u> | <u>(583)</u> |

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

24 Donation funding for specific projects (Continued)

(d) HSBC Community Partnership Programme from the Hongkong and Shanghai Banking Corporation Limited (Continued)

Year ended 31st March 2023

| | Financial Literacy Enrichment Project in Sham Shui Po District | Empowering Your Life's Second Half Financial Education Project | Be The Powerful Partners For Elderly | Total |
|---|---|---|---|------------------|
| Funds received | 209,060 | - | - | 209,060 |
| Fee income received | - | - | - | - |
| Expenditure | (402,575) | - | - | (402,575) |
| Net deficit | <u>(193,515)</u> | <u>-</u> | <u>-</u> | <u>(193,515)</u> |
| (e) Enhanced Support for Elderly Person in Cold Weather | | | | |
| | | 2024 | 2023 | |
| Funds received | | 20,800 | 20,100 | |
| Expenditure | | (20,800) | (20,100) | |
| Net surplus | | <u>-</u> | <u>-</u> | |
| (f) Financial Social Work Education Project 2022-2023 | | | | |
| | | 2024 | 2023 | |
| Funds received | | - | 1,792,409 | |
| Fee income received | | - | 197,900 | |
| Expenditure | | (256,836) | (1,653,606) | |
| Net (deficit)/surplus | | <u>(256,836)</u> | <u>336,703</u> | |
| (g) Financial Capability Building in Digital Era - HSBC | | | | |
| | | 2024 | 2023 | |
| Funds received | | 1,390,264 | 1,312,102 | |
| Expenditure | | (1,362,630) | (1,312,102) | |
| Net surplus | | <u>27,634</u> | <u>-</u> | |

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

25 Income from Lotteries Fund - General

Pilot Project on Provision of Wi-Fi Service (Wi-Fi Project)

| | 2024 | 2023 |
|----------------------|----------------|----------------|
| Lotteries Fund Grant | 336,600 | 448,800 |
| Interest income | 15,027 | 5,616 |
| Expenditure | (202,176) | (269,568) |
| Net surplus | <u>149,451</u> | <u>184,848</u> |

26 Donations and income from fund raising activities

Included in donations and income from fundraising activities are the following activities/programmes of which the relevant income and expenditure are summarised as below:

Care for The Elderly Association Limited – The Care for The Elderly Charity Ticket Campaign

No proceeds raised from Care for The Elderly Association Limited - The Care for The Elderly Charity Ticket Campaign held in 2024 and 2023.

27 Benefits and interests of Executive Committee members

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Hong Kong Companies Ordinance (Cap. 622) and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G):

(a) Executive Committee members' remuneration (also regarded as key management compensation)

| | 2024 | 2023 |
|--|------------------|------------------|
| Salaries and Rewards | 1,167,534 | 2,066,316 |
| Pension costs – defined contribution scheme and MPF Scheme | 12,000 | 182,130 |
| | <u>1,179,534</u> | <u>2,248,446</u> |

The remuneration is paid/payable to for an ex-officio member of the Executive Committee for her employee services provided to the Society.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS**27 Benefits and interests of Executive Committee members (Continued)**

- (b) During the year, no retirement benefits, payments or benefits in respect of termination of Executive Committee members' services were paid or made, directly or indirectly, to the Executive Committee members; nor are any payable (2023: Nil). No consideration was provided to or receivable by third parties for making available Executive Committee members' service (2023: Nil). There are no loans, quasi-loans or other dealings in favour of the Executive Committee members, their controlled bodies corporate and connected entities (2023: Nil).
- (c) No Executive Committee members of the Society had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Society's business to which the Society was or is a party that subsisted at the end of the year or at any time during the year (2023: Nil).

28 Income tax expense

Hong Kong profits tax has not been provided as the Society is exempted by virtue of section 88 of the Hong Kong Inland Revenue Ordinance.

29 Notes to the statement of cash flows

- (a) Cash generated from operations

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Surplus for the year | 6,272,818 | 4,897,725 |
| Adjustments for: | | |
| - Interest income | (4,707,361) | (784,051) |
| - Depreciation of property, plant and equipment (note 5) | 13,510,537 | 11,907,310 |
| - Depreciation of right-of-use assets (note 6) | 10,267,456 | 7,228,392 |
| - Loss on disposal of property, plant and equipment (note (b) below) | 38,475 | 295,990 |
| - Reversal of provision for unutilised annual leave and long service payments (note 21) | (103,394) | (1,105,282) |
| - Interest on lease liabilities (note 20) | 1,162,171 | 810,488 |
| - Rent concessions (note 23) | (76,500) | (459,000) |
| Changes in working capital: | | |
| - Receivables from Lotteries Fund | (8,788,981) | (600,221) |
| - Receivables from Innovation and Technology Fund | (286,667) | 376,376 |
| - Deposits, prepayments and other receivables | 12,348,991 | (14,890,708) |
| - Payables and receipts in advance | (3,287,626) | (2,660,664) |
| - Home help deposits received | 17,000 | (17,000) |
| - Deferred income | 7,845,785 | 6,075,345 |
| Cash generated from operations | <u>34,212,704</u> | <u>11,074,700</u> |

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

29 Notes to the statement of cash flows (Continued)

- (b) In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

| | 2024 | 2023 |
|---|-----------------------------|-----------------------------|
| Net book amount (note 5) | 38,475 | 295,990 |
| Loss on disposal of property, plant and equipment (note 23) | (38,475) | (295,990) |
| | <u> </u> | <u> </u> |
| Proceeds from disposal of property, plant and equipment | <u> </u> | <u> </u> |

- (c) The additions of right-of-use assets (note 6) are non-cash financing activities.

- (d) Reconciliation of liabilities arising from financing activities during the year

| | Lease liabilities |
|---------------------------------------|-----------------------------|
| At 1st April 2022 | 4,925,662 |
| Additions | 16,546,904 |
| Accrued interest expenses | 810,488 |
| Rent concessions (note 23) | (459,000) |
| Cash flows from financing activities | |
| - payment for lease liabilities | (7,322,560) |
| | <u> </u> |
| At 31st March 2023 and 1st April 2023 | 14,501,494 |
| Additions | 15,646,513 |
| Accrued interest expenses | 1,162,171 |
| Rent concessions (note 23) | (76,500) |
| Cash flows from financing activities | |
| - payment for lease liabilities | (11,218,660) |
| | <u> </u> |
| At 31st March 2024 | <u>20,015,018</u> |

30 Operating lease commitments

As at 31st March, the Society had future aggregate minimum lease payments under non-cancellable operating leases (not included in measurement of lease liabilities) in respect of office premises as follows:

| | 2024 | 2023 |
|----------------------|-----------------------------|-----------------------------|
| No later than 1 year | 206,690 | 202,140 |
| | <u> </u> | <u> </u> |

31 Summary of other accounting policies

This note provides a list of other accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

31 Summary of other accounting policies (Continued)

31.1 Foreign currency translation – transactions and balances

Foreign currencies translations are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of comprehensive income.

31.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and that the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Construction in progress are property, plant and equipment in the course of construction for the Society's own use purposes, and are carried at cost less any impairment losses. Construction in progress are not depreciated and are transferred to the appropriate category of property, plant and equipment when the construction is completed and the asset is ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

31.3 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

31 Summary of other accounting policies (Continued)

31.4 Financial assets

(a) Classification

The Society classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through OCI included in trust fund assets (note 8); and
- those to be measured at amortised cost.

The classification depends on the Society's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in trust funds (note 17). For investments in equity instruments that are not held for trading, this will depend on whether the Society has made an irrevocable election at the time of initial recognition to account for the equity investment at financial assets at fair value through OCI ("FVOCI") included in trust fund assets.

The Society reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sale of financial assets are recognised on trade-date, the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

(i) Debt instruments

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of comprehensive income.

(ii) Equity instruments

The Society subsequently measures all equity investments at fair value. Where the Society's management has elected to present fair value gains and losses on equity investments in trust funds, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Society's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI included in trust fund assets are not reported separately from other changes in fair value.

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

31 Summary of other accounting policies (Continued)

31.4 Financial assets (Continued)

(d) Impairment

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

Impairment on other financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

31.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Society currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Society has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

31.6 Receivables

Receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Society holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

31.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft, if any.

31.8 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

31.9 Provisions

Provisions are recognised when the Society has a present legal or constructive obligation where, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

31 Summary of other accounting policies (Continued)

31.10 Government grants and donations from third parties and donations from fund raising activities

(a) Government grants and donations from third parties and donations

Government grants and donations from third parties are recognised when there is reasonable assurance that the grant or donation will be received and the Society will comply with all attached conditions.

Government grants and donations relating to future costs are deferred and recognised in the statement of comprehensive income over the period necessary to match with the related costs which they are intended to compensate.

Government grants and donations relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

(b) Donations and income from fund raising activities

Donations and income from fund raising activities for general purposes are recognised when received.

31.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amount received for service provided. The Society recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Society.

(a) Home help fees

Home help fees are recognised when the services are rendered. The revenue is recognised at point in time.

(b) Subsidiary services income and other project income

Subsidiary services income and other project income are recognised on an accruals basis. The revenue is recognised at point in time.

31.12 Dividend

Dividend is recognised when the right to receive payment is established.

31.13 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

31 Summary of other accounting policies (Continued)

31.14 Employee benefits

(a) Pension obligations

The Society operates a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance ("ORSO Scheme") and a mandatory provident fund scheme under the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme") in Hong Kong. The assets of the schemes are held in separate trustee-administered funds. The Society has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and, for the ORSO Scheme, are reduced by contributions forfeited by those employees who leave the ORSO Scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

(c) Long service payments

The Society's net obligation in respect of long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The long service payment liabilities are assessed by using the projected unit credit method by a qualified actuary. The cost of providing the long service payment liabilities is charged to the statement of comprehensive income so as to spread the costs over the service lives of employees.

The long service payment liabilities are discounted to determine the present value and reduced by entitlements by employees accrued under the Company's defined contribution retirement scheme that is attributable to contributions made by the Society as deemed employee contributions. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to other comprehensive income in the period in which they arise, respectively. As a result of plan amendment, a past service cost, arising from the change in the present value of the defined benefit obligation for employee service in prior periods on the date of plan amendment, is recognised as an expense.

(d) Discretionary reward plans

The expected cost of discretionary reward payments is recognised as a liability and an expense when the Society has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made.

Liabilities for discretionary reward plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

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NOTES TO THE FINANCIAL STATEMENTS

31 Summary of other accounting policies (Continued)

31.15 Leases (as a lessee)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Society.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Society under residual value guarantees;
- the exercise price of a purchase option if the Society is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Society exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is reassessed, the corresponding adjustment is reflected in the right-of-use asset, or comprehensive income if the right-of-use asset is already reduced to zero.