

**HONG KONG FAMILY WELFARE SOCIETY**

**EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST MARCH 2023**

## 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 2023.

#### 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 48 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, and Pilot Scheme on Social Work Service for Pre-primary Institutions;
- 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, Pilot Scheme on Community Care Service Voucher for the Elderly, Home Care and Support Services for Elderly Persons with Mild Impairment, 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.

The COVID-19 pandemic continued to slow down, Hong Kong was returning to normal. With solid experience in social welfare services and development of innovative services, our Society provided support to address the needs of families under the "new normal". With the transformation of family structure, the aging population, and the mental health problems brought challenges to society, families were under stress. Our Society, collaborated with the government and different stakeholders, had launched different service projects to support those families in need, and to enhance the family wellbeing.

At the same time, the two envisioning goals developed in 2019 under Envisioning 2024 were continued, the work for the third year plan was completed with satisfactory result, and had set the sustainable development direction of the Society and with different derivable developed. Internally, staff continually to strengthen the application of "family-centric" intervention model in their daily routine; while externally, we conducted the second "Hong Kong Family Wellbeing Index" and had advocated those important elements in family wellbeing with the collaboration of corporate partners.

## 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 1.65% as compared with that of last year. Its major source of fund was from the subvention by the SWD, including Lump Sum Grant ("LSG"), which was 82.72% of the total income. The Society also got 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 "e\$mart Financial Management Kids Society" received the "Excellence in Social Impact Innovation (Large Organization)" and "Special Award for NGO" in the HKMA/HKT Global Innovation Award 2022/2023 organised by The Hong Kong Management Association;
- b) "Bronze Award", "2nd Highest Donation Award for Donation Drive" and "9th Top Fund-raiser Award" of Corporate and Employee Contribution Programme 2022/23 by the Community Chest; and
- c) The status of "Manpower Developer" (1st April 2022 – 31st March 2023) 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 2022/23, the Society maintained a membership of 117.
- 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 519,706 beneficiaries and provided intensive service for more than 24,820 individual and family cases

- c) **Staff**  
The Society maintained a work force of over 1,120 as at 31st March 2023, comprising professional, management, administrative, frontline and support staff. The number of staff was almost the same as compared with the figure of 1,120 in 2021/22.

## 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 120 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 and Family 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. 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 16.8%, which recorded a significant increase as compared with the figure of 15.9% 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 throughout the year. 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 continued the annual review exercise on the remuneration package, and develop different 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 will be celebrating her 75<sup>th</sup> Anniversary. In view of the accumulated practice wisdom in the past years for serving the families in need, the Society will continue the implementation of strategies under the two envisioning goals. With the collaboration of government and partners from different sectors, our Society will commit to co-create a family-friendly environment, and advocate the values in family wellbeing and to foster a caring society.

#### **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  
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  
Dr. Tang Sau Lim, Philip  
Ms. Wong Hang Yee, Sandy, JP  
Ms. Sung Ye Wan, Yvonne  
Ms. Chu Choi Ming Fung, Janet (appointed on 22nd November 2022)  
Ms. Chau Shuk King, Kitty (Chief Executive) (ex-officio) (appointed on 1st August 2023)  
Ms. Yip Yun Wan, Amarantha (Chief Executive) (ex-officio) (retired on 1st April 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, - 6 OCT 2023

**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 54, comprise:

- the balance sheet as at 31st March 2023;
- 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, which include significant accounting policies 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 2023, 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 ("HKASs") 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 HKSA's, 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, - 6 OCT 2023


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

**BALANCE SHEET**

	Note	As at 31st March	
		2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	32,696,047	26,918,401
Right-of-use assets	6	13,996,087	4,677,575
Trust fund assets	8	40,270,364	44,818,331
Total non-current assets		86,962,498	76,414,307
<b>Current assets</b>			
Receivables from Lotteries Fund	9	1,009,966	409,745
Receivables from Innovation and Technology Fund		178,333	554,709
Deposits, prepayments and other receivables	10	54,462,348	39,571,640
Fixed deposits with original maturity over three months	11	56,278,389	25,443,831
Cash and cash equivalents	11	243,037,882	315,100,808
Total current assets		354,966,918	381,080,733
<b>Total assets</b>		<b>441,929,416</b>	<b>457,495,040</b>
<b>Funds and reserves</b>			
<b>Own funds</b>			
General Fund	12	93,222,469	95,573,449
Capital Reserve	13	906,430	175,475
Designated Funds	14	46,884,374	47,239,039
Total own funds		141,013,273	142,987,963
<b>Other reserves and trust funds</b>			
Social Welfare Lump Sum Grant Reserve	15(a)	129,973,730	148,188,044
Provident Fund Reserve	15(b)	22,288,457	21,767,819
Subvented Employee Benefit Reserve	15(a) & (c)	23,327,105	25,689,640
Social Welfare Subvention Reserve	16	11,427,660	12,282,647
Trust Funds	17	40,270,364	44,818,331
Total other reserves and trust funds		227,287,316	252,746,481
<b>Total funds and reserves</b>		<b>368,300,589</b>	<b>395,734,444</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income	18	14,240,283	17,901,358
Lease liabilities	20	6,669,145	2,247,087
Total non-current liabilities		20,909,428	20,148,445
<b>Current liabilities</b>			
Payables and receipts in advance	19	19,105,514	21,766,178
Home help deposits received		110,000	127,000
Provisions for unutilised annual leave and long service payments		2,359,794	3,465,076
Deferred income	18	23,311,742	13,575,322
Lease liabilities	20	7,832,349	2,678,575
Total current liabilities		52,719,399	41,612,151
<b>Total liabilities</b>		<b>73,628,827</b>	<b>61,760,596</b>
<b>Total funds and liabilities</b>		<b>441,929,416</b>	<b>457,495,040</b>

The above balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 9 to 54 were approved by the Executive Committee on **6 OCT 2023** 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	
		2023	2022
<b>Income</b>			
Government subvention		559,533,833	535,016,992
One-off subsidy from Social Welfare Department		26,100	489,964
Income from Lotteries Fund - Block Grant		4,954,554	3,826,819
Income from Lotteries Fund - Social Welfare Development Fund ("SWDF")		699,765	1,016,572
Income from Lotteries Fund - General	25	12,508,548	24,467,436
Income from Innovation and Technology Fund		573,598	814,392
Back payment from Social Welfare Department		391,170	1,369,942
Home help fees		12,600,619	10,639,006
Donation funding for specific projects from:			
- The Community Chest - Baseline Allocation		5,140,500	5,140,500
- The Hong Kong Jockey Club Charities Trust		15,049,514	12,060,769
- Other sponsors	24	33,779,017	32,166,294
Donations and income from fund raising activities	26	2,693,500	10,823,271
Subsidiary services and other project income		28,401,293	27,512,490
		<u>676,352,011</u>	<u>665,344,447</u>
<b>Other income</b>			
Dividend income		1,471,838	1,307,303
Interest income		784,051	334,718
		<u>2,255,889</u>	<u>1,642,021</u>
Total income		<u>678,607,900</u>	<u>666,986,468</u>
<b>Expenditure</b>			
Employee benefit expenses	21	526,657,130	478,346,130
Programme expenses	22	77,633,300	71,209,601
Premises expenses	23	12,057,852	10,495,577
Other expenses	23	56,551,405	50,286,515
Interest on lease liabilities	20	810,488	328,138
Total expenditure		<u>673,710,175</u>	<u>610,665,961</u>
<b>Surplus and total comprehensive income for the year</b>		<u>4,897,725</u>	<u>56,320,507</u>
<b>Utilisation of current year's surplus:</b>			
Surplus/(deficit) transferred to/(from):			
- General Fund	12	(950,980)	(3,583,453)
- Capital Reserve	13	(669,045)	(487,619)
- Designated Funds	14	(354,665)	6,347,091
- Social Welfare Lump Sum Grant Reserve	15(a)	96,751	42,414,613
- Social Welfare Provident Fund Reserve	15(b)	522,274	4,066,644
- Social Welfare Subvention Reserve	16	6,253,390	7,563,231
		<u>4,897,725</u>	<u>56,320,507</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
<b>Balance at 1st April 2021</b>	100,656,902	663,094	39,391,948	140,711,944
<b>Comprehensive income</b> (Deficit)/surplus for the year transferred (to)/from the statement of comprehensive income	(3,583,453)	(487,619)	6,347,091	2,276,019
Transfer between reserves	(1,500,000)	-	1,500,000	-
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income</b>	(5,083,453)	(487,619)	7,847,091	2,276,019
<b>Balances at 31st March 2022 and 1st April 2022</b>	95,573,449	175,475	47,239,039	142,987,963
<b>Comprehensive loss</b> 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	-	-
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive loss</b>	(2,350,980)	730,955	(354,665)	(1,974,690)
<b>Balance at 31st March 2023</b>	93,222,469	906,430	46,884,374	141,013,273

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	
		2023	2022
<b>Cash flows from operating activities</b>			
Cash generated from operations	29(a)	11,074,700	62,695,284
Refund of prior years' surplus to SWD	15 & 16	(27,783,613)	(6,607,262)
Net cash (outflow)/inflow from operating activities		(16,708,913)	56,088,022
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	5	(17,980,946)	(10,985,202)
Increase in bank deposits with original maturity over three months		(30,834,558)	(287,612)
Interest received		784,051	334,718
Net cash outflow from investing activities		(48,031,453)	(10,938,096)
<b>Cash flows from financing activities</b>			
Principal elements of lease payments	29(d)	(6,512,072)	(6,068,215)
Interest elements on lease payments	29(d)	(810,488)	(328,138)
Net cash outflow from financing activities		(7,322,560)	(6,396,353)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(72,062,926)	38,753,573
Cash and cash equivalents at beginning of the year		315,100,808	276,347,235
<b>Cash and cash equivalents at end of the year</b>	11	243,037,882	315,100,808

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 2023, the Society had 117 (2022: 119) members.

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

#### 2 Summary of significant accounting policies

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

##### 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 2022:

Annual Improvements Project (Amendments)	Annual Improvements to HKFRS Standards 2018-2020
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 16	Covid-19-related Rent Concessions beyond 30 June 2021
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations (AG 5)

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant 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 2023. The following Amendments are relevant and applicable to the Society; however, they have not been early adopted in these financial statements:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

Note:

- (1) Effective for annual reporting period beginning on 1st April 2023  
(2) Effective for annual reporting period beginning on 1st April 2024  
(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 Foreign currency translation**

- (a) Functional and presentation currency

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.

- (b) 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.3 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.

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

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 (note 2.4).

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

**2.4 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**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2.5 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**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.5 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.

**2.6 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.

**2.7 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.

**2.8 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.

**2.9 General Fund**

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.

**2.10 Capital Reserve**

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**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.11 Designated Funds**

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.

**2.12 Social Welfare Lump Sum Grant Reserves and Social Welfare Subvention Reserve**

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 for the Society's future use.

**2.13 Trust funds**

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.

**2.14 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.

**2.15 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**

**2 Summary of significant accounting policies (Continued)**

**2.16 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 from fund raising activities

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

**2.17 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.

**2.18 Dividend**

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

**2.19 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).

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

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

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

(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.

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.21 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.

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.

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.

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 Society, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.21 Leases (as a lessee) (Continued)**

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.

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.

**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.

(a) Foreign exchange risk

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.

In the opinion of the Executive Committee, 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.

**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)**

(b) Credit risk (Continued)

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 2023 and 2022 was considered immaterial.

For other financial assets at amortised cost, no loss allowance provision was determined as at 31st March 2023 and 2022 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.

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.

	2023	2022
<b>Less than 1 year or on demand</b>		
Payables (note 19)	6,686,983	6,402,409
Home help deposits received	110,000	127,000
Undiscounted lease liabilities (note 20)	8,437,945	2,851,418
	<u>15,234,928</u>	<u>9,380,827</u>
<b>More than 1 year and less than 5 years</b>		
Undiscounted lease liabilities (note 20)	6,866,573	2,335,509
	<u>22,101,501</u>	<u>11,716,336</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 2023, if interest rates on bank deposits of the Society and trust fund assets had been 50 basis points (2022: 50 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately HK\$1,382,000 (2022: HK\$1,660,000) higher/lower and trust funds would have been approximately HK\$44,000 (2022: HK\$41,000) higher/lower, as a result of higher/lower interest income on the bank deposits.



**HONG KONG FAMILY WELFARE SOCIETY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial and fund risks management (Continued)**

**3.1 Financial risk factors (Continued)**

(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 2023, if equity price of the investments had increased/decreased by 5% (2022: 5%) with all other variables held constant, trust fund assets and trust funds would have been increased/decreased by approximately HK\$1,575,000 (2022: HK\$1,831,000), 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.

**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.

	2023	2022
<u>Recurring fair value measurements</u>		
<b>Level 1</b>		
FVOCI included in Trust fund assets (note 8)	<u>31,492,193</u>	<u>36,613,453</u>

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.

**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 (Continued)**

(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
<b>At 1st April 2021</b>						
Cost	62,058,295	18,950,437	2,190,959	17,370,615	1,409,460	101,979,766
Accumulated depreciation	(45,420,039)	(13,908,796)	(1,868,296)	(14,934,373)	-	(76,131,504)
Net book amount	16,638,256	5,041,641	322,663	2,436,242	1,409,460	25,848,262
<b>Year ended 31st March 2022</b>						
Opening net book amount	16,638,256	5,041,641	322,663	2,436,242	1,409,460	25,848,262
Additions	4,700,847	4,091,532	812,330	-	1,380,493	10,985,202
Disposals (note 29(b))	(27,349)	(16,453)	-	-	-	(43,802)
- Cost	(1,089,360)	(1,591,658)	(117,410)	-	-	(2,798,428)
- Accumulated depreciation	1,062,011	1,575,205	117,410	-	-	2,754,626
Depreciation (note 23)	(6,003,653)	(2,950,235)	(291,728)	(625,645)	-	(9,871,261)
Closing net book amount	15,308,101	6,166,485	843,265	1,810,597	2,789,953	26,918,401
<b>At 31st March 2022</b>						
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

**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
<b>Year ended 31st March 2022</b>						
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
<b>At 31st March 2023</b>						
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

Depreciation expense of HK\$11,907,310 (2022: HK\$9,871,261) has been charged in other expenses.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**6 Right-of-use assets**

	Offices and service centers
<b>At 1st April 2021</b>	
Cost	18,659,910
Accumulated depreciation	(11,811,722)
Net book amount	<u>6,848,188</u>
<b>Year ended 31st March 2022</b>	
Opening net book amount	6,848,188
Additions	4,458,126
Disposals	-
- Cost	(1,312,382)
- Accumulated depreciation	1,312,382
Depreciation (note 23)	(6,628,739)
Closing net book amount	<u>4,677,575</u>
<b>At 31st March 2022</b>	
Cost	21,805,654
Accumulated depreciation	(17,128,079)
Net book amount	<u>4,677,575</u>
<b>Year ended 31st March 2023</b>	
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>
<b>At 31st March 2023</b>	
Cost	38,352,558
Accumulated depreciation	(24,356,471)
Net book amount	<u>13,996,087</u>

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.

Details of the maturity analysis of lease liabilities and total cash outflow for leases in 2023 are set out in notes 20 and 29(d) respectively.

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**NOTES TO THE FINANCIAL STATEMENTS**

**7 Financial instruments by category**

The Society holds the following financial instruments:

	Financial assets at amortised cost	FVOCI	Total
<b>31st March 2023</b>			
<b>Financial assets</b>			
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>
<b>31st March 2022</b>			
<b>Financial assets</b>			
Trust fund assets (note 8)	8,204,878	36,613,453	44,818,331
Receivables from Lotteries Fund (note 9)	409,745	-	409,745
Receivables from Innovation and Technology Fund	554,709	-	554,709
Deposits and other receivables (note 10)	34,691,810	-	34,691,810
Fixed deposits with original maturity over three months (note 11)	25,443,831	-	25,443,831
Cash and cash equivalents (note 11)	315,100,808	-	315,100,808
	<u>384,405,781</u>	<u>36,613,453</u>	<u>421,019,234</u>
		2023	2022
<b>Financial liabilities at amortised cost</b>			
Payables (note 19)		6,686,983	6,402,409
Home help deposits received		110,000	127,000
Lease liabilities (note 20)		14,501,494	4,925,662
		<u>21,298,477</u>	<u>11,455,071</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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**8 Trust fund assets**

	2023	2022
FVOCI		
Equity securities, at market value		
- listed in Hong Kong	31,492,193	36,613,453
Bank balances and cash	8,778,171	8,204,878
	<u>40,270,364</u>	<u>44,818,331</u>
Total trust fund assets	<u>40,270,364</u>	<u>44,818,331</u>
Represented by:		
Investment costs	1,093,572	1,093,572
Fixed deposits with original maturity over three months	6,839,664	-
Other bank balances and cash	1,938,507	8,204,878
Revaluation surplus on FVOCI	30,398,621	35,519,881
	<u>40,270,364</u>	<u>44,818,331</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

	2023	2022
Non-current assets		
- Listed equity securities, at market value	<u>31,492,193</u>	<u>36,613,453</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**

	IFSC Kwai Chung Centre Kwai Chung (South) Fitting- out Works for Reprovisioning	IFSC East Kowloon Centre Yau Tong Fitting- out Works for Reprovisioning	Specialised Co- parenting Support Centre Fitting-out Works	Specialised Co- parenting Support Centre Furniture & Equipment	Pilot Scheme on Social Work Service for Pre- primary Institutions (Phase 1) Rent/Rates/ Government Rent Subsidy & Management Fee	Pilot Scheme on Social Work Service for Pre- primary Institutions (Phase 3) Furniture & Equipment	IHC (Frail Cases) Cheung Shan and Tai Wo Hau Service Centre Motor Vehicle	Sub-total to next page
<b>At 1st April 2021</b>	767,270	861,900	50,000	8,891	20,944	97,863	1,062,000	2,868,868
Add: Expenditure incurred during the year	-	-	-	-	183,462	-	-	183,462
Less: Funds received during the year	(767,270)	(861,900)	-	(8,891)	(83,776)	(97,863)	(1,062,000)	(2,881,700)
<b>At 31st March 2022 and 1st April 2022</b>	-	-	50,000	-	120,630	-	-	170,630
Add: Expenditure incurred during the year	-	-	-	-	76,888	-	-	76,888
Less: Funds received during the year	-	-	(50,000)	-	(197,518)	-	-	(247,518)
<b>At 31st March 2023</b>	-	-	-	-	-	-	-	-



**HONG KONG FAMILY WELFARE SOCIETY**

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**NOTES TO THE FINANCIAL STATEMENTS**

**9 Receivables from Lotteries Fund (Continued)**

	16 IHCs (Frail Cases) Furniture & Equipment	Sub-base of EHCCS Shun Lee Service Centre Fitting-out Works	Sub-base of EHCCS Shun Lee Service Centre Furniture & Equipment	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 Fitting-out Works for Reprovisioning	Sub-total to next page
<b>At 1st April 2021</b>							
Add: Expenditure incurred during the year	776,042	-	-	-	-	-	3,644,910
Less: Funds received during the year	(2,881,700)	(776,042)	-	-	-	-	(3,657,742)
	2,868,868	80,000	105,958	7,559	45,598	-	422,577
<b>At 31st March 2022 and 1st April 2022</b>							
Add: Expenditure incurred during the year	-	1,244,555	-	36,401	-	2,168,773	3,526,617
Less: Funds received during the year	(247,518)	(1,170,303)	(105,958)	(43,960)	(45,598)	(1,904,091)	(3,517,428)
	-	154,252	-	-	-	264,682	418,934

**Note:** 16 IHCs represent Sheung Wan Service Centre, Hong Kong Western Service Centre, Mui Wo Service Centre, Tai O Service Centre, Peng Chau Service Centre, Cheung Chau Service Centre, Lamma Island Service Centre, Oi Tung Service Centre, Kin Ming Service Centre, Shun On Service Centre, Ngau Tau Kok Service Centre, Lai Kok Service Centre, Cheung Shan Service Centre, Kwai Fong Service Centre, Cheung Hang Service Centre and Tivoli Service Centre.

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(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**9 Receivables from Lotteries Fund (Continued)**

	IFSC North Point Centre Fitting-out Works for Reprovisioning	IFSC North Point Centre Furniture and Equipment for Reprovisioning	IHC Kwai Fong Service Centre Reinstatement Works	IFSC Kwai Chung Centre Kwai Chung (South) Reinstatement Works	IFSC North Point Centre Reinstatement Works (Main Base)	IFSC North Point Centre Reinstatement Works (Sub-base)	Total
<b>At 1st April 2021</b>	3,644,910	-	-	-	-	-	3,644,910
Add: Expenditure incurred during the year	422,577	-	-	-	-	-	422,577
Less: Funds received during the year	(3,657,742)	-	-	-	-	-	(3,657,742)
<b>At 31st March 2022 and 1st April 2022</b>	409,745	-	-	-	-	-	409,745
Add: Expenditure incurred during the year	3,526,617	5,607,720	354,951	159,900	122,900	74,600	9,946,588
Less: Funds received during the year	(3,517,428)	(5,530,720)	(298,219)	-	-	-	(9,346,367)
<b>At 31st March 2023</b>	418,934	77,000	56,732	159,900	122,900	74,600	1,009,966

**HONG KONG FAMILY WELFARE SOCIETY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**10 Deposits, prepayments and other receivables**

	2023	2022
Utility and other deposits	2,286,929	1,737,989
Other receivables	44,192,263	32,953,821
	<u>46,479,192</u>	<u>34,691,810</u>
Financial assets	46,479,192	34,691,810
Prepayments	7,983,156	4,879,830
	<u>54,462,348</u>	<u>39,571,640</u>

As at 31st March 2023, 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 2023 and 2022, and are denominated in Hong Kong dollars.

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

	2023	2022
Fixed deposits with original maturity over three months	56,278,389	25,443,831
Cash and cash equivalents		
- Cash at banks and in hand	243,037,882	315,100,808
	<u>299,316,271</u>	<u>340,544,639</u>
Maximum exposure to credit risk	<u>299,033,871</u>	<u>340,264,239</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**  
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**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	2023	2022
Social Welfare Lump Sum Grant Reserves assets			
- Lump Sum Grant Reserve assets	15(a)	129,973,730	148,188,044
- Provident Fund Reserve assets	15(b)	22,288,457	21,767,819
- Subvented Employee Benefit Reserve assets	15(a) & (c)	23,327,105	25,689,640
Social Welfare Subvention Reserve assets	16	11,427,660	12,282,647
Working capital		56,020,930	107,172,658
		<u>243,037,882</u>	<u>315,100,808</u>
<b>12 General Fund</b>			
		2023	2022
<b>At 1st April</b>		95,573,449	100,656,902
Deficit transferred to the statement of comprehensive income		(950,980)	(3,583,453)
Transfer to Capital Reserve (note 13)		(1,400,000)	-
Transfer to Designated Funds (note 14)		-	(1,500,000)
<b>At 31st March</b>		<u>93,222,469</u>	<u>95,573,449</u>
<b>13 Capital Reserve</b>			
		2023	2022
<b>At 1st April</b>		175,475	663,094
Deficit transferred to the statement of comprehensive income		(669,045)	(487,619)
Transfer from General Fund (note 12)		1,400,000	-
<b>At 31st March</b>		<u>906,430</u>	<u>175,475</u>

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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
<b>At 1st April 2021</b>	30,080,401	2,834,282	251,704	21,511	33,490	2,793,622	36,015,010
Surplus/(deficit) transferred from the statement of comprehensive income	1,343,795	97,488	(655,215)	-	(24,947)	(409,028)	352,093
Transfer of account	-	-	-	-	-	26,850	26,850
Transfer from General Fund (note 12)	-	-	1,500,000	-	-	-	1,500,000
<b>At 31st March 2022 and 1st April 2022</b>	31,424,196	2,931,770	1,096,489	21,511	8,543	2,411,444	37,893,953
Surplus/(deficit) transferred from 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
<b>At 31st March 2023</b>	32,920,942	3,008,021	445,371	21,511	110,383	2,342,802	38,849,030

**HONG KONG FAMILY WELFARE SOCIETY**

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**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
<b>At 1st April 2021</b>	36,015,010	2,153,008	1,135,772	-	88,158	39,391,948
Surplus/(deficit) transferred from the statement of comprehensive income	352,093	(448,726)	(783,734)	(15,360)	7,242,818	6,347,091
Transfer of account	26,850	-	-	-	(26,850)	-
Transfer from General Fund (note 12)	1,500,000	-	-	-	-	1,500,000
<b>At 31st March 2022 and 1st April 2022</b>	37,893,953	1,704,282	352,038	(15,360)	7,304,126	47,239,039
Surplus/(deficit) transferred from 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)	-
<b>At 31st March 2023</b>	38,849,030	1,409,795	1,424,272	(87,000)	5,288,277	46,884,374

**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.

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**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
<b>At 1st April 2021</b>	107,644,488	17,965,391	23,823,212	149,433,091
Surplus transferred from the statement of comprehensive income	42,414,613	4,066,644	-	46,481,257
Transfer to Social Welfare Subvention Reserve (note 16)	-	-	(4,629)	(4,629)
Transfer	(1,871,057)	-	1,871,057	-
Refund of prior years' surplus to SWD	-	(264,216)	-	(264,216)
<b>At 31st March 2022 and 1st April 2022</b>	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 to 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)
<b>At 31st March 2023</b>	129,973,730	22,288,457	23,327,105	175,589,292

- (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.



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**NOTES TO THE FINANCIAL STATEMENTS**

**15 Social Welfare Lump Sum Grant Reserves (Continued)**

(c) Subvented Employee Benefit Reserve is represented by:

	2023	2022
Employee entitlements to unutilised annual leave	21,698,342	22,882,311
Employee entitlements to long service payments	1,628,763	2,807,329
	<u>23,327,105</u>	<u>25,689,640</u>

Approximately 91% (2022: 88%) 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
<b>At 1st April 2021</b>	10,398,243	528,124	131,466	11,057,833
Surplus transferred from the statement of comprehensive income	6,830,649	732,582	-	7,563,231
Transfer from Social Welfare Lump Sum Grant Reserves (note 15)	4,629	-	-	4,629
Refund of prior years' surplus to SWD	<u>(5,527,806)</u>	<u>(815,240)</u>	<u>-</u>	<u>(6,343,046)</u>
<b>At 31st March 2022 and 1st April 2022</b>	11,705,715	445,466	131,466	12,282,647
Surplus/(deficit) transferred from the statement of comprehensive income	6,579,782	(347,231)	20,839	6,253,390
Transfer from Social Welfare Lump Sum Grant Reserves (note 15)	(518,506)	-	-	(518,506)
Refund of prior years' surplus to SWD	<u>(6,224,056)</u>	<u>(365,815)</u>	<u>-</u>	<u>(6,589,871)</u>
<b>At 31st March 2023</b>	<u>11,542,935</u>	<u>(267,580)</u>	<u>152,305</u>	<u>11,427,660</u>

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

**HONG KONG FAMILY WELFARE SOCIETY**

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**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 e)	Total
<b>At 1st April 2021</b>						
Funds entrusted	1,554,618	33,057,463	321,847	13,134,682	1,285,965	49,354,575
Bank interest	-	-	255,376	4,729,683	-	4,985,059
Dividends from listed investments	3,670	36,492	9	4,010	-	44,181
Utilised during the year	17,471	1,307,303	-	102,450	-	1,427,224
Income transferred to the statement of comprehensive income	-	-	(13,441)	(5,034,596)	(988)	(5,049,025)
Revaluation (deficit)/surplus	(89,952)	(1,343,795)	-	(5,099,579)	-	(6,443,374)
		628,224	-	(38,581)	-	499,691
<b>At 31st March 2022 and 1st April 2022</b>						
Funds entrusted	1,485,807	33,685,687	563,791	7,798,069	1,284,977	44,818,331
Bank interest	-	-	51,000	5,696,092	-	5,747,092
Dividends from listed investments	3,428	24,909	521	35,516	-	64,374
Utilised during the year	22,612	1,471,838	-	84,741	-	1,579,191
Income transferred to the statement of comprehensive income	-	-	(36,539)	(5,278,845)	(5,235)	(5,320,619)
Revaluation (deficit)/surplus	85,362	(1,496,746)	-	-	-	(1,496,746)
		(4,457,395)	-	(749,226)	-	(5,121,259)
<b>At 31st March 2023</b>						
	1,597,209	29,228,293	578,773	7,586,347	1,279,742	40,270,364

The assets of the trust funds are set out in note 8.

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**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
<u>Year ended 31st March 2022</u>					
Allocation from SWD during the year	7,569,000	-	628,879	-	8,197,879
Sponsorship/grant received during the year	-	3,764,817	-	42,820,397	46,585,214
Other income	500	-	12,160	-	12,660
Interest income received	97	-	48	107	252
Expenditure incurred during the year	(1,484,792)	-	(686,426)	(45,674,925)	(47,846,143)
Depreciation on property, plant and equipment	(2,330,413)	(5,775,454)	(342,354)	-	(8,448,221)
Loss on disposal of property, plant and equipment	(12,210)	(11,536)	-	-	(23,746)
Increase/(decrease) for the year	3,742,182	(2,022,173)	(387,693)	(2,854,421)	(1,522,105)
<b>At 1st April 2021</b>	10,000,821	16,068,034	2,416,089	4,513,841	32,998,785
<b>At 31st March 2022</b>	13,743,003	14,045,861	2,028,396	1,659,420	31,476,680
Represented by:					
Unspent balance	8,647,216	-	1,534,603	1,659,420	11,841,239
Depreciative property, plant and equipment	5,095,787	14,045,861	493,793	-	19,635,441
	13,743,003	14,045,861	2,028,396	1,659,420	31,476,680
Current portion	5,497,201	5,618,344	1,156,186	1,303,591	13,575,322
Non-current portion	8,245,802	8,427,517	872,210	355,829	17,901,358
	13,743,003	14,045,861	2,028,396	1,659,420	31,476,680

**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
<u>Year ended 31st March 2023</u>					
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
<b>At 1st April 2022</b>	13,743,003	14,045,861	2,028,396	1,659,420	31,476,680
<b>At 31st March 2023</b>	16,683,450	16,682,080	1,403,186	2,783,309	37,552,025
Represented by:					
Unspent balance	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	10,844,241	9,842,427	617,402	2,007,672	23,311,742
Non-current portion	5,839,209	6,839,653	785,784	775,637	14,240,283
	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)**

(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 Block Grant Reserve are as below:

	2023	2022
Balance as at 1st April	8,647,216	5,041,423
Add: Block Grant received during the year	7,895,000	7,569,000
Interest income received	6,213	97
Other income	11,000	500
	<u>7,912,213</u>	<u>7,569,597</u>
Less: Expenditure during the year		
Minor Works Projects	(3,325,036)	(1,124,697)
Furniture & Equipment	(4,018,839)	(2,556,434)
Vehicle Overhauling	(280,840)	(282,673)
	<u>(7,624,715)</u>	<u>(3,963,804)</u>
Balance as at 31st March	<u><u>8,934,714</u></u>	<u><u>8,647,216</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

	2023	2022
Balance as at 1st April	1,534,603	1,886,538
Allocation from SWDF during the year	74,555	628,879
Interest income received	3,713	48
Refund from staff	-	12,160
	<hr/>	<hr/>
Expenditure during the year		
Projects under scope A	(168,465)	(615,389)
Projects under scope B (IT)	(897,012)	(328,119)
Administrative support	(3,687)	(49,514)
	<hr/>	<hr/>
Total expenditure during the year	(1,069,164)	(993,022)
	<hr/>	<hr/>
Balance as at 31st March	543,707	1,534,603
	<hr/> <hr/>	<hr/> <hr/>

**19 Payables and receipts in advance**

	2023	2022
Payables	6,686,983	6,402,409
Receipts in advance	12,418,531	15,363,769
	<hr/>	<hr/>
	19,105,514	21,766,178
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of payables approximate their fair values as at 31st March 2023 and 2022, and 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**

**20 Lease liabilities**

	2023	2022
Current	7,832,349	2,678,575
Non-current	6,669,145	2,247,087
	<u>14,501,494</u>	<u>4,925,662</u>
Minimum lease payments		
- Within one year	8,437,945	2,851,418
- Over one year and less than five years	6,866,573	2,335,509
	<u>15,304,518</u>	<u>5,186,927</u>
Less: Total future interest expenses	(803,024)	(261,265)
Present value of lease liabilities	<u>14,501,494</u>	<u>4,925,662</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\$810,488 (2022: HK\$328,138) has been charged in the statement of comprehensive income.

**21 Employee benefit expense**

	2023	2022
Salaries	485,700,260	439,054,542
Pension costs - defined contribution scheme and MPF scheme	39,861,688	37,113,914
Staff welfare and other benefits	2,200,464	1,958,272
(Reversal of provision)/provision for unutilised annual leave and long service payments	(1,105,282)	219,402
Total	<u>526,657,130</u>	<u>478,346,130</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**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**23 Premises and other expenses**

	2023	2022
Auditor's remuneration - audit services	624,100	525,237
Depreciation		
- Property, plant and equipment (note 5)	11,907,310	9,871,261
- Right-of-use assets (note 6)	7,228,392	6,628,739
Electricity	2,830,479	2,393,666
Insurance	4,525,338	5,084,494
Loss on disposal of property, plant and equipment (note 29(b))	295,990	43,802
Nursing care consumables	9,763,366	8,148,190
Operating lease (including non-lease components, low value and short-term lease) in respect of office premises and service centres	5,030,374	4,906,398
Repairs and maintenance	8,465,539	7,040,558
Rent concessions	(459,000)	(682,050)
Telephone charges	2,405,744	2,170,099
Travelling	931,280	787,466
Training/course/workshop	2,940,630	2,637,313
Printing and stationery	1,581,152	1,505,712
Others	10,538,563	9,721,207
Total	<u>68,609,257</u>	<u>60,782,092</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 Programmes

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	
<b>Income</b>					
- 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>
<b>Expenditure</b>					
- 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>

**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 2022

	Period from 1st April 2021 to 31st July 2021 (School Year 2020/21)		Period from 1st August 2021 to 31st March 2022 (School Year 2021/22)		Total
	HKE2006	KWT2008	HKE2108	KWT2111	
Income					
- Funds received from Education Bureau	2,073	-	97,568	147,730	247,371
- Fee income received	-	73,529	-	-	73,529
	<u>2,073</u>	<u>73,529</u>	<u>97,568</u>	<u>147,730</u>	<u>320,900</u>
Expenditure					
- Staff costs	(16,369)	(87,096)	(31,113)	(158,238)	(292,816)
- Programme expenses	(65,202)	(16,791)	(19,649)	(22,814)	(124,456)
	<u>(81,571)</u>	<u>(103,887)</u>	<u>(50,762)</u>	<u>(181,052)</u>	<u>(417,272)</u>
Net (deficit)/surplus	<u>(79,498)</u>	<u>(30,358)</u>	<u>46,806</u>	<u>(33,322)</u>	<u>(96,372)</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.

	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase IV	
	2023	2022
Funds received	27,720	45,480
Expenditure	-	(300)
Net surplus	<u>27,720</u>	<u>45,180</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)**

(c) Programmes from The Community Chest

“Parade of Lights” – Pilot Project  
on “Child-focused” Intervention  
Programme for Children Facing  
Parental Conflicts/  
Separation or Divorce  
2023                      2022

Funds received	-	814,817
Expenditure	(3,340)	(809,067)
Net (deficit)/surplus	(3,340)	5,750

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

Year ended 31st March 2023

	Mind-body Wellness Project for Women Project	Financial Literacy Enrichment Project in Sham Shui Po District	Total
Funds received	-	209,060	209,060
Fee income received	-	-	-
Expenditure	-	(402,575)	(402,575)
Net deficit	-	(193,515)	(193,515)

Year ended 31st March 2022

	Mind-body Wellness Project for Women Project	Financial Literacy Enrichment Project in Sham Shui Po District	Total
Funds received	73,726	406,511	480,237
Fee income received	2,349	-	2,349
Expenditure	(177,771)	(212,414)	(390,185)
Net (deficit)/surplus	(101,696)	194,097	92,401

**HONG KONG FAMILY WELFARE SOCIETY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**24 Donation funding for specific projects (Continued)**

(e) Enhanced Support for Elderly Person in Cold Weather

	2023	2022
Funds received	20,100	20,400
Expenditure	(20,100)	(20,400)
Net surplus	<u>-</u>	<u>-</u>

(f) One-off Subsidy for Organising Social Activities for Elderly Persons and Persons with Disabilities

	2023	2022
Expenditure	-	(40,000)
Net deficit	<u>-</u>	<u>(40,000)</u>

(g) Financial Social Work Education Project 2022-2023

	2023	2022
Funds received	1,792,409	17,591
Fee income received	197,900	-
Expenditure	(1,653,606)	(17,591)
Net surplus	<u>336,703</u>	<u>-</u>

(h) Financial Capability Building in Digital Era - HSBC

	2023	2022
Funds received	1,312,102	27,836
Expenditure	(1,312,102)	(27,836)
Net surplus	<u>-</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)

	2023	2022
Lotteries Fund Grant	448,800	448,800
Interest income	5,616	40
Expenditure	(269,568)	(365,173)
Net surplus	<u>184,848</u>	<u>83,667</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:

- (a) 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 2023 and 2022.

**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)

	2023	2022
Salaries and Rewards	2,066,316	1,875,437
Pension costs – defined contribution scheme and MPF Scheme	182,130	167,467
	<u>2,248,446</u>	<u>2,042,904</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**

(All amounts in Hong Kong dollars unless otherwise stated)

**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 (2022: Nil). No consideration was provided to or receivable by third parties for making available Executive Committee members' service (2022: Nil). There are no loans, quasi-loans or other dealings in favour of the Executive Committee members, their controlled bodies corporate and connected entities (2022: 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 (2022: 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

	2023	2022
Surplus for the year	4,897,725	56,320,507
Adjustments for:		
- Interest income	(784,051)	(334,718)
- Depreciation of property, plant and equipment (note 5)	11,907,310	9,871,261
- Depreciation of right-of-use assets (note 6)	7,228,392	6,628,739
- Loss on disposal of property, plant and equipment (note (b) below)	295,990	43,802
- Interest on lease liabilities	810,488	328,138
- Rent concessions	(459,000)	(682,050)
Changes in working capital:		
- Receivables from Lotteries Fund	(600,221)	3,235,165
- Receivables from Innovation and Technology Fund	376,376	(468,029)
- Deposits, prepayments and other receivables	(14,890,708)	(16,972,687)
- Payables and receipts in advance	(2,660,664)	6,000,859
- Home help deposits received	(17,000)	27,000
- (Reversal of provision)/provision for unutilised annual leave and long service payments	(1,105,282)	219,402
- Deferred income	6,075,345	(1,522,105)
Cash generated from operations	<u>11,074,700</u>	<u>62,695,284</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:

	2023	2022
Net book amount (note 5)	295,990	43,802
Loss on disposal of property, plant and equipment (note 23)	(295,990)	(43,802)
	<u>                    </u>	<u>                    </u>
Proceeds from disposal of property, plant and equipment	<u>                    </u>	<u>                    </u>

- (c) The additions and disposals 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 2021	7,217,801
Additions	4,458,126
Accrued interest expenses	328,138
Rent concessions	(682,050)
Cash flows from financing activities	
- payment for lease liabilities	(6,396,353)
	<u>                    </u>
At 31st March 2022 and 1st April 2022	4,925,662
Additions	16,546,904
Accrued interest expenses	810,488
Rent concessions	(459,000)
Cash flows from financing activities	
- payment for lease liabilities	(7,322,560)
	<u>                    </u>
At 31st March 2023	<u>                    </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:

	2023	2022
No later than 1 year	<u>                    </u>	<u>                    </u>
	202,140	561,364