

**HONG KONG FAMILY WELFARE SOCIETY**

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

**FOR THE YEAR ENDED**

**31ST MARCH 2018**

## **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 2018.

#### **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 perspective, the Society is committed to delivering quality and professional social services to enhance the well-being of families and individuals in Hong Kong and to foster a caring community.

The Society renders the following major types of social services for families and individuals through its 42 service centres in Hong Kong:

- a) Integrated Family Services –including 6 Integrated Family Service Centres, Zonta White House – Family Retreat Centre, and service projects to promote the well-being of families;
- b) Mediation and Divorce Services –including a Mediation Centre, a Family Resource Centre, a Parent-child Contact Centre, and “Child-focused” Parenting Coordination & Co-parenting Services for Divorce Families;
- c) Child Care Services - including Foster Care Service, Neighbourhood Support Child Care Project, and After School Care and Support Programmes;
- d) Children and Youth Services –including an Integrated Children and Youth Service Centre, School Social Work Service for 40 secondary schools, a Financial Education Centre, and a variety of service projects to serve the developmental needs of young people;
- e) Elderly and Community Support Services - including an Integrated Home Care Service, Enhanced Home and Community Care Service, a Senior Citizen Centre, Self-financed “Viva” and service projects that address the mental health issues of elders and their carers; and
- f) Special Services - including a Women and Family Enhancement Centre, Volunteer Service, and Wellness Programme.

In the financial year 2017/18, the Society launched two organisation-wide projects, namely the Envisioning 2024 and the Branding Revitalization Exercise. While the year 2019 marks the 70th anniversary of the Society, the Envisioning Exercise was kick-started this year with the objective to clarify/define the Society’s positioning in the coming 5 years, to create the desired social impact in response to the needs/expectations of key stakeholders, especially service users, and maximize the uniqueness of the organisation in the changing environment. In parallel, the Branding Revitalization Exercise was also launched to rejuvenate the Society’s brand and express its sense of purpose.

## 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 a slight increase in total income by 6.5% 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 80.0% 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 Society has policies to ensure all units observe the relevant legal obligations in their operation, including Employment Ordinance and Personal Data (Privacy) Ordinance. In 2014, the SWD introduced a new requirement, namely the Best Practice Manual ("BPM"), and the Society has reviewed its policies and procedures to comply with the "Level One" requirements stipulated in the BPM.

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) The Community Chest Award for Outstanding Service 2017/2018;
- b) "Outstanding Award" of Corporate and Employee Contribution Programme 2017/18 by the Community Chest;
- c) The status of "Manpower Developer" (1st April 2018 – 31st March 2020) in the "Employees Retraining Board ("ERB") Manpower Developer Award Scheme";
- d) Financial Education Centre received the "Corporate Financial Education Leadership - Gold Award" in the IFPHK Financial Education Leadership Awards 2018;
- e) "Creating Two Happy Homes for Children – Pilot Services on Child-focused Co-parenting for Divorced Families and the Community" received the "Effectiveness Award" of "2017 Best Practice Awards in Social Welfare" from The Hong Kong Council of Social Service.

##### 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 2017/18, the Society maintained a membership of 118.

###### 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 well-being. The Society continued to organize the Family Month in May 2017 and conduct the first Hong Kong Family Well-being Survey to arouse public concern towards family well-being and advocate positive family values. Besides, the Society took an active stance in sharing views and concerns towards relevant social issues, government policies and legislation, including "Review of Procedural Guide for Handling Child Abuse Cases (Revised 2015) - Consultation on Definition of Child Abuse and Handling Approaches", "Establishment of a Commission on Children - Public Engagement", "Consultation Paper on the Continuing Powers of Attorney Bill", "Review of the enhancement of the LSG Subvention System", etc.

## HONG KONG FAMILY WELFARE SOCIETY

### REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

#### Business review (Continued)

##### Key Relationships (Continued)

b) Service Users (Continued)

During the year, the Society offered education, preventive and remedial services for more than 588,000 beneficiaries and provided intensive service for more than 21,000 individual and family cases.

c) Staff

The Society maintained a work force of over 962 as at 31st March 2018, comprising professional, management, administrative, frontline and support staff. The number of staff slightly increased as compared with 2016/17.

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 160 committees, panels, working groups, task force, liaison groups and network meetings of different nature set up under the SWD, Home Affairs Bureau, Department of Justice, Social Workers Registration Board, Hong Kong Social Workers Association, Hong Kong Council of Social Service and Hospital Authority, 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 actualize the Society's mission to promote the well-being 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 12.4%, which recorded a slight decrease as compared with the figure of 13.0% last year. There was difficulty in the recruitment and retention of paramedical staff and frontline care staff. As in the past years, the Society conducted regular monitoring of the turnover rate and took different measures to tackle the issues, including annual review of the remuneration package to align with the manpower market, and enhance the Human Resource initiatives and benefits to promote the competitiveness in recruitment and retention of staff. The Society had enhanced benefits of its Group Medical Insurance Scheme for staff.

##### Future development

The Society will be celebrating its 70th Anniversary in 2019 and will be continuing the two exercises of Envisioning and Branding Re-vitalization. With the identified strategic goals and the developed Brand model, the Society will move into the execution stage to work out action plans. Besides, the Society will strive to sustain and enhance its existing services and develop new initiatives to meet the changing social needs and demands. The Society will continue to collaborate with the public and private sectors for better synergies in service provision to serve families and the community.

## **HONG KONG FAMILY WELFARE SOCIETY**

### **REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)**

#### **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 10 to 12 to the financial statements.

#### **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 Lai Wei Kit Lin, Minnie, MH, JP	
Mr Lau King Shing	
Mr Law Sheung Ping, James	
Miss Siu Wing Yee, Sylvia, JP	
Dr Tang Sau Lim, Philip	
Ms Leung Kit Kan, Ingrid	
Mr Loong Hon Biu, Louis	(appointed on 15th January 2018)
Mr Wu Yeung Key, Jimmy	(appointed on 15th January 2018)
Ms Lau Wing Yin, Cecilia	(appointed on 15th January 2018)
Ms Yip Yun Wan, Amarantha (Executive Director)	(Ex-officio)

In accordance with Article 31 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 35 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



Law Kin Chung, Christopher  
Chairman

Hong Kong, 15 OCT 2018

**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE 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") set out on pages 9 to 46, which comprise:

- the balance sheet as at 31st March 2018;
- 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 a summary of significant accounting policies.

*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 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

*Independence*

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

**Other Information**

The Executive Committee is responsible for the other information. The other information comprises the information included in the Report of the Executive Committee 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 EXECUTIVE COMMITTEE 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.

The Executive Committee's responsibilities include overseeing the Society's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 EXECUTIVE COMMITTEE OF HONG KONG FAMILY WELFARE SOCIETY  
(CONTINUED)**

(Incorporated in Hong Kong and limited by guarantee)

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

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

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

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



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 15 OCT 2018

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


**BALANCE SHEET**

		As at 31st March	
	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	15,259,074	18,963,504
Trust fund assets	6	65,754,480	61,980,902
Total non-current assets		81,013,554	80,944,406
<b>Current assets</b>			
Receivables from Lotteries Fund	7	-	519,380
Deposits, prepayments and other receivables	8	11,537,320	7,782,113
Fixed deposits with original maturity over three months	9	23,801,458	23,544,858
Cash and cash equivalents	9	179,952,492	172,422,365
Total current-assets		215,291,270	204,268,716
<b>Total assets</b>		<b>296,304,824</b>	<b>285,213,122</b>
<b>FUNDS AND RESERVES</b>			
<b>Own funds</b>			
General Fund	10	54,509,881	55,370,849
Capital Reserve	11	1,709,024	2,151,339
Designated Funds	12	33,293,296	29,767,118
Total own funds		89,512,201	87,289,306
<b>Other reserves and trust funds</b>			
Social Welfare Lump Sum Grant Reserve	13(a)	70,155,052	64,294,563
Provident Fund Reserve	13(b)	17,521,418	18,261,435
Subvented Employee Benefit Reserve	13(a) & (c)	13,966,936	13,228,710
Social Welfare Subvention Reserve	14	6,096,187	7,847,684
Trust Funds	15	65,754,480	61,980,902
Total other reserves and trust funds		173,494,073	165,613,294
<b>Total funds and reserves</b>		<b>263,006,274</b>	<b>252,902,600</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income	16	9,674,295	11,551,010
<b>Current liabilities</b>			
Payables and receipts in advance	17	11,171,014	8,620,692
Home help deposits received		82,500	126,776
Provisions for unutilised annual leave and long service payments		4,517,035	3,981,200
Deferred income	16	7,853,706	8,030,844
Total current liabilities		23,624,255	20,759,512
<b>Total liabilities</b>		<b>33,298,550</b>	<b>32,310,522</b>
<b>Total funds and liabilities</b>		<b>296,304,824</b>	<b>285,213,122</b>

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 9 to 46 were approved by the Executive Committee on 15 OCT 2018 and were signed on its behalf.

  
Law Kin Chung, Christopher  
Chairman

  
Cheng Shee Sing, Patrick  
Honorary Treasurer

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

**STATEMENT OF COMPREHENSIVE INCOME**

		Year ended 31st March	
	Note	2018	2017
<b>Revenue</b>			
Government subvention		325,323,225	313,616,951
Income from Lotteries Fund – Block Grant		3,565,378	3,511,600
Income from Lotteries Fund – Special One-off Subsidy		15,000	-
Income from Lotteries Fund – Social Welfare Development Fund (“SWDF”)		1,617,682	1,758,304
Income from Lotteries Fund - General		9,110,025	7,875,405
Backpayment from Social Welfare Department (“SWD”)		1,207,665	763,127
Home help fees		9,879,145	9,793,257
Donation funding for specific projects from:			
- The Community Chest – Baseline Allocation		4,704,100	4,567,000
- The Hong Kong Jockey Club Charities Trust		1,747,407	1,248,974
- Other sponsors	21	32,216,397	20,367,196
Donations and income from fund raising activities	22	2,154,265	444,626
Subsidiary services and other project income		14,792,033	17,627,470
		<u>406,332,322</u>	<u>381,573,910</u>
<b>Other income</b>			
Dividend income		1,284,866	1,201,103
Interest income		318,440	228,708
		<u>1,603,306</u>	<u>1,429,811</u>
Total income		<u>407,935,628</u>	<u>383,003,721</u>
<b>Expenditure</b>			
Employee benefit expenses	18	311,113,532	295,320,506
Programme expenses	19	45,299,404	38,521,168
Premises expenses	20	13,362,077	12,407,066
Other expenses	20	25,530,101	26,794,796
Total expenditure		<u>395,305,114</u>	<u>373,043,536</u>
<b>Surplus and total comprehensive income for the year</b>		<u>12,630,514</u>	<u>9,960,185</u>
<b>Utilisation of current year’s surplus:</b>			
Surplus/(deficit) transferred to:			
- General Fund	10	39,032	(534,462)
- Capital Reserve	11	(442,315)	(710,211)
- Designated Funds	12	2,626,178	740,133
- Social Welfare Lump Sum Grant Reserve	13(a)	6,573,276	5,977,614
- Social Welfare Provident Fund Reserve	13(b)	135,840	918,226
- Social Welfare Subvention Reserve	14	3,698,503	3,568,885
		<u>12,630,514</u>	<u>9,960,185</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 10)	Capital Reserve (note 11)	Designated Funds (note 12)	Total
<b>Balance at 1st April 2016</b>	<u>55,905,311</u>	<u>2,861,550</u>	<u>29,026,985</u>	<u>87,793,846</u>
<b>Comprehensive income</b>				
Surplus/(deficit) for the year transferred from the statement of comprehensive income	(534,462)	(710,211)	740,133	(504,540)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income</b>	<u>(534,462)</u>	<u>(710,211)</u>	<u>740,133</u>	<u>(504,540)</u>
<b>Balances at 31st March 2017 and 1st April 2017</b>	<u>55,370,849</u>	<u>2,151,339</u>	<u>29,767,118</u>	<u>87,289,306</u>
<b>Comprehensive income</b>				
Surplus/(deficit) for the year transferred from the statement of comprehensive income	39,032	(442,315)	2,626,178	2,222,895
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income</b>	<u>39,032</u>	<u>(442,315)</u>	<u>2,626,178</u>	<u>2,222,895</u>
Transfers	<u>(900,000)</u>	-	<u>900,000</u>	-
<b>Balance at 31st March 2018</b>	<u><u>54,509,881</u></u>	<u><u>1,709,024</u></u>	<u><u>33,293,296</u></u>	<u><u>89,512,201</u></u>

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**

		Year ended 31st March	
	Note	2018	2017
<b>Cash flows from operating activities</b>			
Cash generated from operations	25(a)	18,298,576	24,844,337
Refund of prior years' surplus to SWD	13 & 14	(6,300,418)	(2,201,891)
Net cash inflow from operating activities		<u>11,998,158</u>	<u>22,642,446</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	4	(4,529,871)	(5,445,026)
Increase in bank deposits with original maturity over three months		(256,600)	(833,116)
Decrease in restricted bank deposits		-	649,951
Interest received		318,440	228,708
Net cash outflow from investing activities		<u>(4,468,031)</u>	<u>(5,399,483)</u>
<b>Net increase in cash and cash equivalents</b>		7,530,127	17,242,963
Cash and cash equivalents at beginning of the year		<u>172,422,365</u>	<u>155,179,402</u>
<b>Cash and cash equivalents at end of the year</b>	9	<u><u>179,952,492</u></u>	<u><u>172,422,365</u></u>

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

## **HONG KONG FAMILY WELFARE SOCIETY**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 General information**

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

Under the provisions of the Society’s Memorandum and 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 2018, the Society had 118 (2017: 117) 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 available-for-sale financial assets 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 resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no estimates or assumptions used on these financial statements that the management expects will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- (a) New standards, amendments and interpretations to existing HKFRS (collectively, the “Amendments”) effective for the Society’s accounting year commencing on 1st April 2017

The following Amendments have been adopted by the Society for the first time for the financial year beginning on 1st April 2017:

- Recognition of deferred tax assets for unrealised losses – Amendments to HKAS 12, and
- Disclosure initiative – Amendments to HKAS 7.

The adoption of these Amendments did not have any impact on the current period or any prior period and is not likely to affect future periods other than certain additional disclosure to satisfy the new disclosure requirements introduced by HKAS 7 (Amendment), which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes.

The Society has not applied any Amendments that is not yet effective for the current accounting period.

**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 commencing on or after 1st April 2018. The following Amendments are relevant and applicable to the Society; however, they have not been early adopted in these financial statements:

Annual Improvements Project – HKFRS 1 and HKAS 28 (Amendment)	Annual improvements 2014-2016 cycle <sup>1</sup>
HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK (IFRIC)-Int 22	Foreign currency transactions and advance consideration <sup>1</sup>
HK (IFRIC)-Int 23	Uncertainty over income tax treatments <sup>2</sup>

Note:

- (1) Effective for the Society's financial period beginning on 1st April 2018  
(2) Effective for the Society's financial period beginning on 1st April 2019

The Society will apply these Amendments in the year of initial application. The Society is currently assessing the impact of the adoption of the Amendments. So far the directors are of the opinion that none of these is expected to have a significant effect on the financial statements, except for HKFRS 9, HKFRS 15 and HKFRS 16 of which the assessment of the impact to these financial statements is set out below.

**HKFRS 9 Financial instruments**

HKFRS 9 introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in HKFRS 9 are based on an expected credit loss model and replace the HKAS 39 incurred loss model.

- (i) Classification and measurement

The Society does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets and financial liabilities.

- (ii) Impairment

HKFRS 9 requires the Society to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Society expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Society does not expect any significant impact from these changes.

The Society plans to adopt the new standard on the required effective date without restating prior years' information and recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening Funds/Reserves.

**HONG KONG FAMILY WELFARE SOCIETY**  
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**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 (Continued)

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under HKFRS. Either a full retrospective application or a modified retrospective application is required for the Society's financial period beginning on 1st April 2018. Early adoption is permitted.

The Society performed a preliminary assessment of HKFRS 15, which is subject to changes arising from a more detailed ongoing analysis. The Society expects that the adoption of HKFRS 15 will have no material impact on the financial statements in the period of initial application. However, there will be additional disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Society's operating leases. As at the reporting date, the Society has non-cancellable operating lease commitments of HK\$3,383,244 (note 27). However, the Society has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Society's surplus and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for the Society's financial period beginning on 1st April 2019. At this stage, the Society does not intend to adopt the standard before its effective date.

The Society is currently assessing the impact of the adoption of other Amendments and is of the view that they would not have a significant impact on the Society's results of operations and financial position.

**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.

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 to the Society, whichever is shorter. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs 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.

**2.5 Financial assets**

**(a) Classification**

The Society classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables are detailed in note 5.

**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)**

(a) Classification (Continued)

(ii) Available-for-sale financial assets included in trust fund assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at fair value through profit or loss, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(b) Recognition and derecognition

Regular way purchases and sales 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 transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in trust funds.

Dividends on available-for-sale equity instruments are recognised in trust funds when the Society's right to receive payments is established.

Details on how the fair value of financial instruments is determined are disclosed in note 3.3.

**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.

**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)**

**2.7 Impairment of financial assets**

The Society assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(a) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(b) Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in trust funds.

Impairment losses on equity instruments that were recognised in trust fund are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in trust funds, the impairment loss is reversed through trust funds.

**2.8 Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

If collection of receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

## **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)**

##### **2.9 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.

##### **2.10 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.

##### **2.11 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.

##### **2.12 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.

##### **2.13 Social Welfare Lump Sum Grant Reserves and Social Welfare Subvention Reserve**

Lump sum grant was implemented by 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.

##### **2.14 Trust funds**

Trust funds are established from donations and are 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.

##### **2.15 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.

## **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)**

##### **2.16 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.

##### **2.17 Revenue and other income recognition**

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

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) Home help fees**

Home help fees are recognised when the services are rendered.

###### **(c) Donations from fund raising activities**

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

###### **(d) Dividend**

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

###### **(e) Subsidiary services income and other project income**

Subsidiary services income and other project income are recognised on an accruals basis.

###### **(f) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**2.18 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.

**2.19 Operating leases (as the lessee)**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Society as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

**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**

**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 trust fund assets and 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 deposits and other receivables is limited as the counterparties are either the SWD or reputable organisations. Besides, the Executive Committee has closely monitored the receivable balances on an ongoing bases so as to minimise collection exposure.

The credit risk on trust fund assets, fixed bank deposits and liquid funds is limited because the Society has placed its trust fund assets, deposits and liquid funds at reputable and creditworthy banks.

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 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.

	2018	2017
<b>Less than 1 year</b>		
Payables (note 17)	2,084,073	1,608,999
Home help deposits received	82,500	126,776
	<u>2,166,573</u>	<u>1,735,775</u>

**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)**

(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 2018, if interest rates on bank deposits of the Society and Trust fund assets had been 50 basis points (2017: 50 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately HK\$983,000 (2017: HK\$942,000) higher/lower and trust funds would have been approximately HK\$ 39,000 (2017: HK\$37,000) higher/lower, as a result of higher/lower interest income on the bank deposits.

(e) Price risk

The investments held by the Society, that are classified on the balance sheet as available-for-sale financial assets and included in trust fund assets, are subjected to equity securities price risk.

At 31st March 2018, if equity price of the investments had increased/decreased by 5% (2017: 5%) with all other variables held constant, trust fund assets and trust funds would have been increased/ decreased by approximately HK\$3,050,000 (2017: HK\$2,724,000), as a result of higher/lower fair value of available-for-sale financial assets.

**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 year.

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.

	2018	2017
<u>Recurring fair value measurements</u>		
<b>Level 1</b>		
Available-for-sales financial assets included in Trust fund assets (note 6)	57,916,144	54,486,987

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.



## **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)**

##### **3.3 Fair value estimation (Continued)**

###### **(a) Fair value hierarchy (Continued)**

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 entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

###### **(b) Valuation technique used to determine fair values**

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

##### **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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Property, plant and equipment**

**At 1st April 2016**

Cost	Leasehold improvements	Furniture, fixtures and equipment	Air-conditioners	Motor vehicles	Total
Accumulated depreciation	38,840,045 (28,409,426)	13,138,276 (10,255,596)	1,578,077 (973,335)	14,481,392 (6,194,398)	68,037,790 (45,832,755)
Net book amount	10,430,619	2,882,680	604,742	8,286,994	22,205,035

**Year ended 31st March 2017**

Opening net book amount	10,430,619	2,882,680	604,742	8,286,994	22,205,035
Additions	3,324,603	1,816,323	304,100	-	5,445,026
Disposals	-	(5,031)	(2,076)	-	(7,107)
- Cost	-	(870,098)	(52,021)	-	(922,119)
- Accumulated depreciation	-	865,067	49,945	-	915,012
Depreciation (note 20)	(4,236,049)	(1,725,119)	(366,691)	(2,351,591)	(8,679,450)
Closing net book amount	9,519,173	2,968,853	540,075	5,935,403	18,963,504

**At 31st March 2017**

Cost	42,164,648	14,084,501	1,830,156	14,481,392	72,560,697
Accumulated depreciation	(32,645,475)	(11,115,648)	(1,290,081)	(8,545,989)	(53,597,193)
Net book amount	9,519,173	2,968,853	540,075	5,935,403	18,963,504

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

**4 Property, plant and equipment (Continued)**

**Year ended 31st March 2018**

	Leasehold improvements	Furniture, fixtures and equipment	Air- conditioners	Motor vehicles	Total
Opening net book amount	9,519,173	2,968,853	540,075	5,935,403	18,963,504
Additions	1,760,117	2,679,846	89,908	-	4,529,871
Disposals	-	(16,206)	-	-	(16,206)
- Cost	-	(973,894)	(9,900)	-	(983,794)
- Accumulated depreciation	-	957,688	9,900	-	967,588
Depreciation (note 20)	(4,119,420)	(1,641,444)	(332,794)	(2,124,437)	(8,218,095)
Closing net book amount	7,159,870	3,991,049	297,189	3,810,966	15,259,074
<b>At 31st March 2018</b>					
Cost	43,924,765	15,790,453	1,910,164	14,481,392	76,106,774
Accumulated depreciation	(36,764,895)	(11,799,404)	(1,612,975)	(10,670,426)	(60,847,700)
Net book amount	7,159,870	3,991,049	297,189	3,810,966	15,259,074

Depreciation expense of HK\$8,218,095 (2017: HK\$8,679,450) has been charged in other expenses.

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

**5 Financial instruments by category**

The Society's holds the following financial instruments:

	2018			2017		
	Loans and receivables	Available- for-sale financial assets	Total	Loans and receivables	Available- for-sale financial assets	Total
<b>Financial assets</b>						
Trust fund assets (note 6)	7,838,336	57,916,144	65,754,480	7,493,915	54,486,987	61,980,902
Receivables from Lotteries Fund (note 7)	-	-	-	519,380	-	519,380
Deposits and other receivables (note 8)	10,294,630	-	10,294,630	6,717,296	-	6,717,296
Fixed deposits with original maturity over three months (note 9)	23,801,458	-	23,801,458	23,544,858	-	23,544,858
Cash and cash equivalents (note 9)	179,952,492	-	179,952,492	172,422,365	-	172,422,365
	<u>221,886,916</u>	<u>57,916,144</u>	<u>279,803,060</u>	<u>210,697,814</u>	<u>54,486,987</u>	<u>265,184,801</u>

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

**5 Financial instruments by category (Continued)**

	Other financial liabilities at amortised cost	
	2018	2017
<b>Financial liabilities</b>		
Payables (note 17)	2,084,073	1,608,999
Home help deposits received	82,500	126,776
	<u>2,166,573</u>	<u>1,735,775</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.

**6 Trust fund assets**

	2018	2017
Available-for-sale financial assets		
Equity securities, at market value		
- listed in Hong Kong	51,935,144	47,934,987
- listed outside Hong Kong	5,981,000	6,552,000
	<u>57,916,144</u>	<u>54,486,987</u>
Bank balances and cash	7,838,336	7,493,915
	<u>65,754,480</u>	<u>61,980,902</u>
Total trust fund assets		
	<u>65,754,480</u>	<u>61,980,902</u>
Represented by:		
Investment costs	1,093,572	1,093,572
Fixed deposits with original maturity over three months	6,353,020	6,283,897
Other bank balances and cash	1,485,316	1,210,018
Revaluation surplus on available-for-sale financial assets	56,822,572	53,393,415
	<u>65,754,480</u>	<u>61,980,902</u>

There were no disposal or impairment provision on available-for-sale financial assets for the year ended 31st March 2018 (2017: Nil).

Trust fund assets are denominated in the following currencies:

	2018	2017
Hong Kong dollars	59,773,480	55,428,902
United States dollars	5,981,000	6,552,000
	<u>65,754,480</u>	<u>61,980,902</u>

# **HONG KONG FAMILY WELFARE SOCIETY**

(All amounts in Hong Kong dollars unless otherwise stated)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **7 Receivables from Lotteries Fund**

	IFSC West Kowloon Centre Fit-out	VIVA Cho Yiu Centre Furniture & Equipment	EHCC Sham Shui Po Centre Motor Vehicle & Equipment	IHC Tseung Kwan O Centre Motor Vehicle	IHC Sheung Wan Centre Motor Vehicle	IHC Oi Tung Centre Motor Vehicle	IHC Ngau Tau Kok Centre Motor Vehicle	IHC Cheung Shan Centre Motor Vehicle	IHC Kwai Fong Centre Motor Vehicle	IHC Cheung Hang Centre Motor Vehicle	Total
<b>At 1st April 2016</b>	431,322	-	1,034,709	891,265	891,265	894,965	318,320	317,320	306,320	315,320	5,400,806
Add: expenditure incurred during the year	-	88,058	-	-	-	-	-	-	-	-	88,058
Less: funds received during the year	-	-	(1,034,709)	(891,265)	(891,265)	(894,965)	(318,320)	(317,320)	(306,320)	(315,320)	(4,969,484)
<b>At 31st March 2017 and 1st April 2017</b>	431,322	88,058	-	-	-	-	-	-	-	-	519,380
Add: expenditure incurred during the year	-	97,910	-	-	-	-	-	-	-	-	97,910
Less: funds received during the year	(431,322)	(185,968)	-	-	-	-	-	-	-	-	(617,290)
<b>At 31st March 2018</b>	-	-	-	-	-	-	-	-	-	-	-

**HONG KONG FAMILY WELFARE SOCIETY**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****8 Deposits, prepayments and other receivables**

	2018	2017
Utility and other deposits	1,124,354	1,113,180
Other receivables	9,170,276	5,604,116
	<hr/>	<hr/>
Financial assets	10,294,630	6,717,296
Prepayments	1,242,690	1,064,817
	<hr/>	<hr/>
	<u>11,537,320</u>	<u>7,782,113</u>

The carrying amounts of deposits and other receivables approximate their fair values as at 31st March 2018 and 2017, and are denominated in Hong Kong dollars.

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

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

	2018	2017
Fixed deposits with original maturity over three months	23,801,458	23,544,858
Cash and cash equivalents		
- Cash at banks and in hand	179,952,492	172,422,365
	<hr/>	<hr/>
	<u>203,753,950</u>	<u>195,967,223</u>
	<hr/>	<hr/>
Maximum exposure to credit risk	<u>203,506,550</u>	<u>195,679,823</u>

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

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

	Note	2018	2017
Social Welfare Lump Sum Grant reserves assets			
- Lump Sum Grant Reserve assets	13(a)	70,155,052	64,294,563
- Provident Fund Reserve assets	13(b)	17,521,418	18,261,435
- Subvented Employee Benefit Reserve assets	13(a) & (c)	13,966,936	13,228,710
Social Welfare Subvention Reserve assets	14	6,096,187	7,847,684
Working capital		72,212,899	68,789,973
		<hr/>	<hr/>
		<u>179,952,492</u>	<u>172,422,365</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**10 General Fund**

	2018	2017
<b>At 1st April</b>	55,370,849	55,905,311
Surplus/(deficit) transferred from the statement of comprehensive income	39,032	(534,462)
Transfer to Designated Funds (note 12)	(900,000)	-
<b>At 31st March</b>	<u>54,509,881</u>	<u>55,370,849</u>

**11 Capital Reserve**

	2018	2017
<b>At 1st April</b>	2,151,339	2,861,550
Deficit transferred from the statement of comprehensive income	(442,315)	(710,211)
<b>At 31st March</b>	<u>1,709,024</u>	<u>2,151,339</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**12**

**Designated Funds**

	P. S. Cassidy and Sir Douglas Clague Charitable Donation (note a)	Specific Projects (note b)	Education Sponsorship (note c)	Carer Support and Elderly Service (note d)	Staff Welfare Fund (note e)	Family Psychiatric Consultation Service (note f)	HOCC Education Grant (note g)	Innovative Services of Love for Family (note h)	The Zonta White House (note i)	Others (note j)	Total
<b>At 1st April 2016</b>	22,820,488	(6,882)	311,960	2,758,584	229,234	340,312	21,771	1,205,686	1,011,856	333,976	29,026,985
Surplus/(deficit) transferred from the statement of comprehensive income	1,238,812	(63,920)	1,885	15,268	(436,771)	(33,940)	31,359	-	(15,309)	2,749	740,133
<b>At 31st March 2017 and 1st April 2017</b>	24,059,300	(70,802)	313,845	2,773,852	(207,537)	306,372	53,130	1,205,686	996,547	336,725	29,767,118
Surplus/(deficit) transferred from the statement of comprehensive income	1,336,708	(3,167)	2,592	(388,495)	(368,316)	(250,147)	(50,311)	(108,994)	574,623	1,881,685	2,626,178
Transfer of account	-	-	-	314,091	900,000	-	-	-	-	(314,091)	900,000
<b>At 31st March 2018</b>	25,396,008	(73,969)	316,437	2,699,448	324,147	56,225	2,819	1,096,692	1,571,170	1,904,319	33,293,296

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

**NOTES TO THE FINANCIAL STATEMENTS**

**12 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) Specific Projects  
Represent funds designated for office automation purposes.
- (c) Education Sponsorship  
Represent funds designated for providing assistance to students.
- (d) Carer Support and Elderly Service  
Represent funds designated to support and review services for carers and elderly.
- (e) Staff Welfare Fund  
Represent funds designated for staff welfare and training purposes.
- (f) Family Psychiatric Consultation Service  
Represent funds designated to provide psychiatric consultation service for families.
- (g) HOCC Education Grant  
Represent funds designated to provide financial assistance to the deprived children in their education ventures.
- (h) 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.
- (i) The Zonta White House  
Represent designated funds available for the refurbishment and recurrent costs of the Family Retreat Centre.
- (j) Others  
Represent funds mainly designated to provide family mental health services.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**13 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 2016</b>	58,179,446	17,828,937	13,296,111	89,304,494
Surplus transferred from the statement of comprehensive income	5,977,614	918,226	-	6,895,840
Transfer	137,503	-	(67,401)	70,102
Refund of prior years' surplus to SWD	-	(485,728)	-	(485,728)
<b>At 31st March 2017 and 1st April 2017</b>	64,294,563	18,261,435	13,228,710	95,784,708
Surplus transferred from the statement of comprehensive income	6,573,276	135,840	-	6,709,116
Transfer	(712,787)	-	738,226	25,439
Refund of prior years' surplus to SWD	-	(875,857)	-	(875,857)
<b>At 31st March 2018</b>	70,155,052	17,521,418	13,966,936	101,643,406

- (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. As at 31st March 2018, as the cap has not been exceeded, no amount is refundable (2017: Nil).
- (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.
- (c) Subvented Employee Benefit Reserve is represented by:

	2018	2017
Employee entitlements to unutilised annual leave	12,590,852	11,769,139
Employee entitlements to long service payments	1,376,084	1,459,571
	<u>13,966,936</u>	<u>13,228,710</u>

Approximately 76% (2017: 77%) 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.

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

**14 Social Welfare Subvention Reserve**

	Central items reserve	Rent and rates reserve	Interest received	Total
<b>At 1st April 2016</b>	6,054,526	(120,928)	131,466	6,065,064
Surplus/(deficit) transferred from the statement of comprehensive income	3,674,955	(106,070)	-	3,568,885
Transfer to Social Welfare Lump Sum Grant reserve	(70,102)	-	-	(70,102)
Refund of prior years' surplus to SWD	(1,716,161)	(2)	-	(1,716,163)
	<u>7,943,218</u>	<u>(227,000)</u>	<u>131,466</u>	<u>7,847,684</u>
<b>At 31st March 2017 and 1st April 2017</b>	7,943,218	(227,000)	131,466	7,847,684
Surplus transferred from the statement of comprehensive income	3,491,603	206,900	-	3,698,503
Transfer to Social Welfare Lump Sum Grant reserve	(25,439)	-	-	(25,439)
Refund of prior years' surplus to SWD	(5,376,618)	(47,943)	-	(5,424,561)
	<u>6,032,764</u>	<u>(68,043)</u>	<u>131,466</u>	<u>6,096,187</u>
<b>At 31st March 2018</b>	<u>6,032,764</u>	<u>(68,043)</u>	<u>131,466</u>	<u>6,096,187</u>

These reserves cannot be used without the prior approval of the Director of Social Welfare.

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

**NOTES TO THE FINANCIAL STATEMENTS**

15

**Trust Funds**

	The Sir Robert Ho Tung Charitable Fund (note a)	Arthur Edmondson Quinn Memorial Trust (note b)	P.S. Cassidy and Sir Douglas Clague Charitable Donation (note c)	Benefactors Fund (note d)	Individual sponsorships (note e)	Others (note e)	Total
<b>At 1st April 2016</b>	128,932	1,554,599	45,472,353	388,588	11,513,713	1,302,057	60,360,242
Funds entrusted	-	-	-	212,117	3,995,309	-	4,207,426
Bank interest	-	3,773	37,709	71	4,131	-	45,684
Dividends from listed investments	-	28,263	1,201,103	-	164,377	-	1,393,743
Utilised during the year	-	-	-	(223,814)	(4,000,946)	(3,583)	(4,228,343)
Income transferred to the statement of comprehensive income	-	-	(1,238,812)	-	-	-	(1,238,812)
Revaluation surplus	-	(20,719)	(807,715)	-	2,269,396	-	1,440,962
<b>At 31st March 2017 and 1st April 2017</b>	128,932	1,565,916	44,664,638	376,962	13,945,980	1,298,474	61,980,902
Funds entrusted	-	-	-	197,698	6,952,589	-	7,150,287
Bank interest	-	5,187	51,842	63	5,560	-	62,652
Dividends from listed investments	-	17,253	1,284,866	-	178,888	-	1,481,007
Utilised during the year	-	-	-	(99,360)	(6,908,869)	(4,588)	(7,012,817)
Income transferred to the statement of comprehensive income	-	-	(1,336,708)	-	-	-	(1,336,708)
Revaluation surplus	-	22,268	3,530,017	-	(123,128)	-	3,429,157
<b>At 31st March 2018</b>	128,932	1,610,624	48,194,655	475,363	14,051,020	1,293,886	65,754,480

The assets of the trust funds are set out in note 6.

**HONG KONG FAMILY WELFARE SOCIETY**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**15 Trust Funds (Continued)**

(a) The Sir Robert Ho Tung Charitable Fund

Represent funds available for specific purpose on the recommendation of the SWD.

(b) Arthur Edmondson Quinn Memorial Trust

Represent funds available for further or specialist training to staff.

(c) 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.

(d) Benefactors Fund

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

(e) Individual sponsorships and others

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

16

**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 2017</u>					
Allocation from SWD during the year	3,793,000	-	568,358	-	4,361,358
Donations received during the year	-	1,639,575	-	-	1,639,575
Other income received during the year	48,000	-	5,400	-	53,400
Interest received	33	-	37	-	70
Expenditure incurred during the year	(1,265,189)	-	(1,525,962)	-	(2,791,151)
Depreciation on property, plant and equipment	(2,294,444)	(4,903,721)	(237,779)	-	(7,435,944)
Loss on disposal of property, plant and equipment	(6,355)	(752)	-	-	(7,107)
Refund of prior years' surplus to SWD	-	-	(6,687)	-	(6,687)
Increase/(decrease) for the year	275,045	(3,264,898)	(1,196,633)	-	(4,186,486)
<b>At 1st April 2016</b>	8,046,750	13,987,803	1,733,787	-	23,768,340
<b>At 31st March 2017</b>	8,321,795	10,722,905	537,154	-	19,581,854
Represented by:					
Unspent balance	2,263,377	-	274,367	-	2,537,744
Depreciative property, plant and equipment	6,058,418	10,722,905	262,787	-	17,044,110
	8,321,795	10,722,905	537,154	-	19,581,854
Current portion	2,995,845	4,718,078	316,921	-	8,030,844
Non-current portion	5,325,950	6,004,827	220,233	-	11,551,010
	8,321,795	10,722,905	537,154	-	19,581,854

**HONG KONG FAMILY WELFARE SOCIETY**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**16 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 2018</u>					
Allocation from SWD during the year	3,952,000	-	2,448,578	-	6,400,578
Donations received during the year	-	85,894	-	7,170,800	7,256,694
Other income received during the year	62,571	-	-	500	63,071
Interest received	33	-	24	116	173
Expenditure incurred during the year	(1,041,964)	(752,274)	(1,184,898)	(5,757,869)	(8,737,005)
Depreciation on property, plant and equipment	(2,545,593)	(4,207,039)	(270,609)	-	(7,023,241)
Loss on disposal of property, plant and equipment	(11,923)	(2,200)	-	-	(14,123)
Increase/(decrease) for the year	415,124	(4,875,619)	993,095	1,413,547	(2,053,853)
<b>At 1st April 2017</b>	8,321,795	10,722,905	537,154	-	19,581,854
<b>At 31st March 2018</b>	8,736,919	5,847,286	1,530,249	1,413,547	17,528,001
Represented by:					
Unspent balance	1,683,645	-	1,188,110	1,413,547	4,285,302
Depreciative property, plant and equipment	7,053,274	5,847,286	342,139	-	13,242,699
	8,736,919	5,847,286	1,530,249	1,413,547	17,528,001
Current portion	3,320,029	2,806,696	918,149	808,832	7,853,706
Non-current portion	5,416,890	3,040,590	612,100	604,715	9,674,295
	8,736,919	5,847,286	1,530,249	1,413,547	17,528,001



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**NOTES TO THE FINANCIAL STATEMENTS**

**16 Deferred income (Continued)**

- (a) 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.
- (b) 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.
- (c) SWDF supports training and professional development, capacity enhancement initiatives, and service delivery enhancement studies of the subvented services.

**17 Payables and receipts in advance**

	2018	2017
Payables	2,084,073	1,608,999
Receipts in advance	9,086,941	7,011,693
	<u>11,171,014</u>	<u>8,620,692</u>

The carrying amounts of payables approximate their fair values as at 31st March 2018 and 2017, and are denominated in Hong Kong dollars.

**18 Employee benefit expense**

	2018	2017
Salaries	282,698,962	266,633,814
Pension costs - defined contribution scheme and MPF Scheme	26,161,111	24,788,376
Staff welfare	1,717,623	1,577,059
Increase in provisions for unutilised annual leave and long service payments	535,836	2,321,257
Total	<u>311,113,532</u>	<u>295,320,506</u>

**19 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**

**20 Premises and other expenses**

	2018	2017
Auditor's remuneration - audit services	418,558	342,773
Depreciation (note 4)	8,218,095	8,679,450
Electricity	1,975,376	1,836,061
Loss on disposal of property, plant and equipment (note 25(b))	16,206	7,107
Nursing care consumables	5,697,690	5,518,044
Operating lease rentals in respect of office premises	9,038,529	8,189,970
Repairs and maintenance	2,571,987	3,797,752
Travelling	842,579	810,597
Printing and stationery	1,119,225	1,186,155
Others	8,993,933	8,833,953
<b>Total</b>	<b>38,892,178</b>	<b>39,201,862</b>

**21 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 2018

	Period from 1st April 2017 to 31st July 2017 (School Year 2016/17)		Period from 1st August 2017 to 31st March 2018 (School Year 2017/18)		Total
	<u>HKE1611</u>	<u>KwT1612</u>	<u>HKE1713X</u>	<u>KwT1709</u>	
<b>Income</b>					
- Funds received from Education Bureau	23,613	34,972	83,417	145,401	287,403
- Others	-	233,958	-	102,228	336,186
	<u>23,613</u>	<u>268,930</u>	<u>83,417</u>	<u>247,629</u>	<u>623,589</u>
<b>Expenditure</b>					
- Staff costs	14,594	191,951	41,319	241,680	489,544
- Programme expenses	33,369	32,095	20,816	69,330	155,610
	<u>47,963</u>	<u>224,046</u>	<u>62,135</u>	<u>311,010</u>	<u>645,154</u>
<b>Net (deficit)/surplus</b>	<u>(24,350)</u>	<u>44,884</u>	<u>21,282</u>	<u>(63,381)</u>	<u>(21,565)</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(a) EDB-School-based After-school Support Programmes (Continued)**

Year ended 31st March 2017

	Period from 1st April 2016 to 31st July 2016 (School Year 2015/16)		Period from 1st August 2016 to 31st March 2017 (School Year 2016/17)		Total
	<u>HKE1517</u>	<u>KwT1539</u>	<u>HKE1611</u>	<u>KwT1612</u>	
Income					
- Funds received from Education Bureau	25,588	70,103	94,448	139,886	330,025
- Others	-	359,303	-	106,920	466,223
	<u>25,588</u>	<u>429,406</u>	<u>94,448</u>	<u>246,806</u>	<u>796,248</u>
Expenditure					
- Staff costs	44,904	268,946	46,308	234,258	594,416
- Programme expenses	17,057	112,578	21,729	57,051	208,415
	<u>61,961</u>	<u>381,524</u>	<u>68,037</u>	<u>291,309</u>	<u>802,831</u>
Net (deficit)/surplus	<u>(36,373)</u>	<u>47,882</u>	<u>26,411</u>	<u>(44,503)</u>	<u>(6,583)</u>

**(b) Programmes from Community Care Fund**

Year ended 31st March 2018

	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase II	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families	Dental Service	Pilot Scheme on Relaxing the Household Income Limit of the Fee- waiving Subsidy Scheme under the After School Care Programme	Total
Funds received	18,900	-	9,600	6,300	34,800
Expenditure	-	-	-	-	-
Net surplus	<u>18,900</u>	<u>-</u>	<u>9,600</u>	<u>6,300</u>	<u>34,800</u>

Year ended 31st March 2017

	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase II	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families	Dental Service	Pilot Scheme on Relaxing the Household Income Limit of the Fee- waiving Subsidy Scheme under the After School Care Programme	Total
Funds received	22,600	10,200	10,430	-	43,230
Expenditure	-	(34)	(6,840)	-	(6,874)
Net surplus	<u>22,600</u>	<u>10,166</u>	<u>3,590</u>	<u>-</u>	<u>36,356</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

(c) Programmes from The Community Chest

Year ended 31st March 2018

	Healthy Divorced Men Project	A Beam of Hope Pilot Project	A Beam of Hope Pilot Project Phase II	Smiley Activation Project – Community/ Home- Based Depression Treatment for the Elderly 2015-17	Smiley Activation Project – Community/ Home- Based Depression Treatment for the Elderly 2017-18	Total
Funds received	428,699	-	1,446,557	368,241	529,811	2,773,308
Expenditure	(151,785)	-	(1,459,928)	(504,975)	(529,177)	(2,645,865)
Net surplus/ (deficit)	276,914	-	(13,371)	(136,734)	634	127,443

Year ended 31st March 2017

	Healthy Divorced Men Project	A Beam of Hope Pilot Project	A Beam of Hope Pilot Project Phase II	Smiley Activation Project – Community/ Home- Based Depression Treatment for the Elderly 2015-17	Smiley Activation Project – Community/ Home- Based Depression Treatment for the Elderly 2017-18	Total
Funds received	858,773	1,403,884	665,552	1,464,322	-	4,392,531
Expenditure	(935,376)	(813,602)	(670,411)	(972,883)	-	(3,392,272)
Net surplus/ (deficit)	(76,603)	590,282	(4,859)	491,439	-	1,000,259

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

Speak As One - Ethnic Minority Community Project 2017-18

	2018	2017
Funds received	175,000	-
Fee income received	1,865	-
Expenditure	(119,379)	-
Net surplus	57,486	-

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

Women Homemade Eco-Friendly Fabric Product Community Project 2017-18

	2018	2017
Funds received	97,249	-
Fee income received	798	-
Expenditure	(88,920)	-
Net surplus	9,127	-

- (e) Enhanced Support for Elderly Person in Cold Weather - One-off Subsidy for Elderly Centres for Purchase of Warm Items

	2018	2017
Funds received	15,000	-
Expenditure	(15,000)	-
Net surplus	-	-

**22 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) Gross proceeds of HK\$1,499,405 raised from the flag day held on 12th August 2017. The net proceeds of HK\$1,410,558 is allocated to the following services in the financial year ended 31st March 2018:

	Percentage	2018
Family Retreat Centre	60%	846,334
Family Care Support Service	20%	282,112
Innovative Service - Love for Family	20%	282,112
		1,410,558

- (b) Care for The Elderly Association Limited – The Care for The Elderly Charity Ticket Campaign 2017/18

	2018	2017
Funds raising	75,741	81,745
Expenditure	(3,296)	(4,758)
Net proceeds	72,445	76,987

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

**NOTES TO THE FINANCIAL STATEMENTS**

**23 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)

	2018	2017
Salaries and Rewards	1,411,452	1,309,799
Pension costs – defined contribution scheme and MPF Scheme	120,465	104,105
	<u>1,531,917</u>	<u>1,413,904</u>

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

- (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 (2017: Nil). No consideration was provided to or receivable by third parties for making available Executive Committee members' service (2017: Nil). There are no loans, quasi-loans or other dealings in favour of the Executive Committee members, their controlled bodies corporate and connected entities (2017: 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 (2017: Nil).

**24 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.

**25 Notes to the statement of cash flows**

- (a) Cash generated from operations

	2018	2017
Surplus for the year	12,630,514	9,960,185
Adjustments for:		
- Interest income	(318,440)	(228,708)
- Depreciation (note 4)	8,218,095	8,679,450
- Loss on disposal of property, plant and equipment (note (b) below)	16,206	7,107
Changes in working capital:		
- Net receivables from Lotteries Fund	519,380	4,881,426
- Deposits, prepayments and other receivables	(3,755,207)	(2,546,139)
- Payables and receipts in advance	2,550,322	6,828,537
- Home help deposits received	(44,276)	(872,292)
- Provisions for unutilised annual leave and long service payments	535,835	2,321,257
- Deferred income	(2,053,853)	(4,186,486)
Cash generated from operations	<u>18,298,576</u>	<u>24,844,337</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**25 Notes to the statement of cash flow (Continued)**

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

	2018	2017
Net book amount (note 4)	16,206	7,107
Loss on disposal of property, plant and equipment (note 20)	(16,206)	(7,107)
	<u>          </u>	<u>          </u>
Proceeds from disposal of property, plant and equipment	<u>          </u>	<u>          </u>

- (c) Reconciliation of liabilities arising from financing activities was not presented as there was no changes in liabilities arising from financing activities during the year.

**26 Banking facilities**

As at 31st March 2018, guarantee facilities of HK\$2,514,411 (2017: HK\$3,671,361) are granted to the Society by a bank who provides performance bonds on behalf of the Society, of which HK\$2,514,411 (2017: HK\$3,671,361) are utilised. The Society has also given a counter indemnity to the bank for the facilities granted.

**27 Operating lease commitments**

At 31st March, the Society had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	2018	2017
No later than 1 year	3,120,044	3,623,312
Later than 1 year and no later than 5 years	263,200	1,903,560
	<u>          </u>	<u>          </u>
	<u>3,383,244</u>	<u>5,526,872</u>