

HONG KONG FAMILY WELFARE SOCIETY
EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2021

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 2021.

Principal activity

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

Business review

Main business

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

The Society renders the following major types of social services for families and individuals through its 43 service centres in Hong Kong:

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

2020 was a remarkably challenging year. The COVID-19 pandemic continued to rage which brought not only great stress on the economy and caused the unemployment rate to hit a peak but also further changed our ways of living to a "new normal".

The Society proactively developed services and projects in response to changes brought by the pandemic and corresponding social needs. During the year, the Society continued to work together with our partners to provide both tangible and intangible support to families in need. Our online services were well received by the service users. Besides, the first socially relevant and culturally appropriate research findings on family wellbeing, "Hong Kong Family Wellbeing Index" (HKFWI), was announced in May 2020. It enhanced the general public's understanding of family wellbeing and served as a reference for advocacy work in this area.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Business review (Continued)

Main business (Continued)

The Society started the execution of the “HKFWS Envisioning 2024” project with the “Preparation, Stock-taking, Engagement” work. The work under the 4 key strategies had established the solid foundation on which the future of the project is to be built.

Business review and performance analysis

The Society was financially stable with an increase in total income by 11.5% 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 81.9% 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) “Bronze Award”, “3rd Highest Donation Award in Donation Drive” and “Outstanding Award” of Corporate and Employee Contribution Programme 2020/21 by the Community Chest;
- b) The status of “Manpower Developer” (1st April 2020 – 31st March 2021) in the “Employees Retraining Board “ERB” Manpower Developer Award Scheme;
- c) Parent-child Connect Pilot Project on Children Contact Service received the Outstanding Award in the Wofoo Asian Award for Advancing Family Well Being (Wofoo 3A Project) 2020; and
- d) Financial Education Centre (FEC) received the 2021 Financial Education Champion Award and the Quality Award by the Investor and Financial Education Council.

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 2020/21, the Society maintained a membership of 119.

b) Service users

In general, service users of the Society are families or individuals who meet the eligibility criteria for services of the Society and wish to use the Society’s services. Apart from providing appropriate services to its service users, the Society also promotes a family-friendly environment and advocates policies which enhance family wellbeing. The Society had announced the first HKFWI in May 2020, which aimed to arouse the attention and understanding of general public on family wellbeing. Besides, the Society took an active stance in sharing views and concerns towards relevant social issues, government policies and legislation, including Consultation on Proposed Amendments to the “Principles, Criteria & Standards for Recognizing Qualifications in Social Work” (PCS), Views on “Mandatory reporting of suspected child abuse cases”, Sentencing and Related Matters in the Review of Sexual Offences, 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 649,238 beneficiaries and provided intensive service for more than 22,321 individual and family cases.

c) Staff

The Society maintained a work force of over 1,050 as at 31st March 2021, comprising professional, management, administrative, frontline and support staff. The number of staff slightly increased as compared with 2019/20.

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 119 committees, panels, working groups, task force, liaison groups and network meetings of different nature set up under Labour and Welfare Bureau, Social Welfare Department, Home Affairs Bureau, Social Workers Registration Board, Hong Kong Council of Social Service and Family Council, etc., to advise on the development of social services, social welfare policies and issues relating to the welfare of its service users and the community as a whole. All these efforts are to actualise the Society's mission to promote the wellbeing of families and foster a caring community.

Principal risks and uncertainties

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

The Society had an overall staff turnover rate at 10.0%, which recorded a decrease as compared with the figure of 14.9% last year. With service expansion in the social welfare sector, we faced strong competition in the manpower market. The turnover rate dropped for the second year, but we continued to face difficulty in the recruitment and retention of social workers, paramedical staff and frontline care staff. 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.

Adoption of new Articles of Association of the Society

On 17th November 2020, an Extraordinary General Meeting was held to adopt the new Articles of Association of the Society. Amendments mainly fell into content which was in line with the Company Registry's guidance notes for a company that has been given licence to dispense with the word "Limited", and in compliance with the new requirements of New Companies Ordinance.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Business review (Continued)

Future development

In face of rapid social changes, the anxiety hurts one's confidence in the future. The Society will continue to pay attention to the challenges and difficulties faced by individuals and families. By sustaining the extensive experiences of the Society and our collaboration with different stakeholders, we will further promote the importance of family values and functions, and to support those in need with professionalism, care and enthusiasm. Besides, we will continue the implementation of the strategic plan of Envisioning and the implementation on the enhancement of Performance Monitoring and Incentives System.

Results

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

Own funds

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

Executive Committee members

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

Mr. Law Kin Chung, Christopher, JP (Chairman)
Dr. Cheng Cheuk Sang, Arnold (Vice Chairman)
Mr. Cheng Shee Sing, Patrick (Honorary Treasurer)
Mrs. Choy Pun Siu Fun, Veronica, MBE, JP
Dr. Chung See Yuen
Mrs. Kwok Leung Kit Kan, Ingrid
Mr. Lau King Shing, Daniel
Ms. Lau Wing Yin, Cecilia
Mr. Law Sheung Ping, James (retired on 17th November 2020)
Mr. Loong Hon Biu, Louis
Ms. Siu Wing Yee, Sylvia, JP
Dr. Tang Sau Lim, Philip
Ms. Yip Yun Wan, Amarantha (Chief Executive) (ex-officio)

Mr. Law Sheung Ping, James retired as Executive Committee member and he did not offer himself for election at the last Annual General Meeting. He has confirmed that there are no disagreements with the Board and nothing relating to the affairs of the Society needed to be brought to the attention of the Executive Committee of the Society.

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

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Executive Committee members (Continued)

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

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

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

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

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

Management contracts

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

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, **11 OCT 2021**



**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 54, which comprise:

- the balance sheet as at 31st March 2021;
- 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Other Information

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE 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, **11 OCT 2021**


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

BALANCE SHEET

	Note	As at 31st March	
		2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	5	25,848,262	24,421,768
Right-of-use assets	6	6,848,188	11,403,409
Trust fund assets	8	49,354,575	42,334,396
Total non-current assets		82,051,025	78,159,573
Current assets			
Receivables from Lotteries Fund	9	3,644,910	11,025,205
Receivables from Innovation and Technology Fund		86,680	-
Deposits, prepayments and other receivables	10	22,598,953	20,788,301
Fixed deposits with original maturity over three months	11	25,156,219	24,957,226
Cash and cash equivalents	11	276,347,235	224,154,066
Total current assets		327,833,997	280,924,798
Total assets		409,885,022	359,084,371
FUNDS AND RESERVES			
Own funds			
General Fund	12	100,656,902	78,419,667
Capital Reserve	13	663,094	1,204,203
Designated Funds	14	39,391,948	40,893,659
Total own funds		140,711,944	120,517,529
Other reserves and trust funds			
Social Welfare Lump Sum Grant Reserve	15(a)	107,644,488	85,713,015
Provident Fund Reserve	15(b)	17,965,391	17,239,960
Subvented Employee Benefit Reserve	15(a) & (c)	23,823,212	17,887,394
Social Welfare Subvention Reserve	16	11,057,833	8,853,876
Trust Funds	17	49,354,575	42,334,396
Total other reserves and trust funds		209,845,499	172,028,641
Total funds and reserves		350,557,443	292,546,170
LIABILITIES			
Non-current liabilities			
Deferred income	18	18,230,536	18,489,518
Lease liabilities	20	1,091,329	5,841,216
Total non-current liabilities		19,321,865	24,330,734
Current liabilities			
Payables and receipts in advance	19	15,765,319	16,248,971
Home help deposits received		100,000	97,000
Provisions for unutilised annual leave and long service payments		3,245,674	5,466,280
Deferred income	18	14,768,249	14,527,546
Lease liabilities	20	6,126,472	5,867,670
Total current liabilities		40,005,714	42,207,467
Total liabilities		59,327,579	66,538,201
Total funds and liabilities		409,885,022	359,084,371

The above balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 9 to 54 were approved by the Executive Committee on **11 OCT 2021** 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

	Note	Year ended 31st March	
		2021	2020
Income			
Government subvention		485,197,414	423,970,484
One-off subsidy from Social Welfare Department		570,895	911,400
Income from Lotteries Fund - Block Grant		5,122,141	3,981,747
Income from Lotteries Fund - Social Welfare Development Fund ("SWDF")		912,462	1,508,994
Income from Lotteries Fund - General		23,958,413	22,861,246
Income from Innovation and Technology Fund		212,195	-
Back payment from Social Welfare Department		1,373,302	900,485
Government grants for Employment Support Scheme		1,607,141	-
Home help fees		9,754,143	9,542,583
Donation funding for specific projects from:			
- The Community Chest - Baseline Allocation		5,654,550	4,990,700
- The Hong Kong Jockey Club Charities Trust		5,671,765	6,242,093
- Other sponsors	24	35,791,060	37,272,038
Donations and income from fund raising activities	26	1,062,133	1,408,351
Subsidiary services and other project income		15,198,262	16,266,615
		<u>592,085,876</u>	<u>529,856,736</u>
Other income			
Dividend income		1,446,110	1,531,668
Interest income		265,242	1,094,823
		<u>1,711,352</u>	<u>2,626,491</u>
Total income		<u>593,797,228</u>	<u>532,483,227</u>
Expenditure			
Employee benefit expenses	21	430,561,323	390,366,349
Programme expenses	22	56,794,523	57,518,545
Premises expenses	23	8,831,363	10,426,862
Other expenses	23	39,882,535	36,515,331
Interest on lease liabilities	20	485,734	612,611
Total expenditure		<u>536,555,478</u>	<u>495,439,698</u>
Surplus and total comprehensive income for the year		<u>57,241,750</u>	<u>37,043,529</u>
Utilisation of current year's surplus:			
Surplus transferred to:			
- General Fund	12	22,188,390	22,189,514
- Capital Reserve	13	(541,109)	(262,711)
- Designated Funds	14	(1,579,063)	427,608
- Social Welfare Lump Sum Grant Reserve	15(a)	27,830,896	8,747,776
- Social Welfare Provident Fund Reserve	15(b)	1,038,241	198,775
- Social Welfare Subvention Reserve	16	8,304,395	5,742,567
		<u>57,241,750</u>	<u>37,043,529</u>

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

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN OWN FUNDS

	General Fund (note 12)	Capital Reserve (note 13)	Designated Funds (note 14)	Total
Balance at 1st April 2019	57,730,153	1,466,914	38,966,051	98,163,118
Comprehensive income				
Surplus/(deficit) for the year transferred from the statement of comprehensive income	22,189,514	(262,711)	427,608	22,354,411
Transfer between reserves	(1,500,000)	-	1,500,000	-
Other comprehensive income	-	-	-	-
Total comprehensive income	20,689,514	(262,711)	1,927,608	22,354,411
Balances at 31st March 2020 and 1st April 2020	78,419,667	1,204,203	40,893,659	120,517,529
Comprehensive income				
Surplus/(deficit) for the year transferred from the statement of comprehensive income	22,188,390	(541,109)	(1,579,063)	20,068,218
Transfer between reserves	(77,352)	-	77,352	-
Transfer from Trust Funds (note 17)	126,197	-	-	126,197
Other comprehensive income	-	-	-	-
Total comprehensive income	22,237,235	(541,109)	(1,501,711)	20,194,415
Balance at 31st March 2021	100,656,902	663,094	39,391,948	140,711,944

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

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

STATEMENT OF CASH FLOWS

	Note	Year ended 31st March	
		2021	2020
Cash flows from operating activities			
Cash generated from operations	29(a)	75,354,805	51,649,557
Refund of prior years' surplus to SWD	15 & 16	(6,376,853)	(5,542,756)
Net cash inflow from operating activities		<u>68,977,952</u>	<u>46,106,801</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(10,799,695)	(12,993,702)
Increase in bank deposits with original maturity over three months		(198,993)	(733,986)
Interest received		265,242	1,094,823
Net cash outflow from investing activities		<u>(10,733,446)</u>	<u>(12,632,865)</u>
Cash flows from financing activities			
Principal elements of lease payments	29(d)	(5,565,603)	(5,281,456)
Interest elements on lease payments	29(d)	(485,734)	(612,611)
Net cash outflow from financing activities		<u>(6,051,337)</u>	<u>(5,894,067)</u>
Net increase in cash and cash equivalents		52,193,169	27,579,869
Cash and cash equivalents at beginning of the year		<u>224,154,066</u>	<u>196,574,197</u>
Cash and cash equivalents at end of the year	11	<u>276,347,235</u>	<u>224,154,066</u>

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

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

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

Under the provisions of the Society's 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 2021, the Society had 119 (2020: 119) members.

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Society have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") which term collectively includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI") included in trust fund assets, which are carried at fair value.

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

- (a) New standards, amendments and interpretations to existing HKFRS (collectively, the "Amendments") adopted by the Society

The Society has applied the following Amendments for the first time for its annual reporting period commencing on 1st April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9 HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting

The adoption of these Amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

The Society has also elected to adopt the following amendments early:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
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The impact of adoption of the Amendments to HKFRS 16 on the current period or the prior period is set out in note 2.2.

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 accounting periods commencing on or after 1st April 2021 and they have not been early adopted in these financial statements.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June 2021 ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁴
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020 (Amendments) ³
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
HKAS39, HKFRS4, HKFRS7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 (amendments) ¹
HKFRS 17	Insurance Contracts ⁴
HK Int5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause ⁴

Note:

- (1) Effective for financial period beginning on 1st January 2021
- (2) Effective for financial period beginning on 1st April 2021
- (3) Effective for financial period beginning on 1st January 2022
- (4) Effective for financial period beginning on 1st January 2023
- (5) Effective for financial period beginning on or after a date to be determined

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

2.2 Changes in accounting policies

The Society has early adopted Amendments to HKFRS 16 - Covid-19-Related Rent Concessions retrospectively from 1st April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a.) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b.) any reduction in lease payments affects only payments due on or before 30th June 2021; and c.) there is no substantive change to other terms and conditions of the lease.

The Society has applied the practical expedient to all qualifying COVID-19-Related rent concessions. Rent concessions totalling HK\$595,050 have been accounted for as negative variable lease payments and recognised in premises and other expenses (note 23) in the statement of profit or loss with a corresponding adjustment to the lease liability. There is no impact on the opening balance of general fund at 1st April 2020.

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 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.

2.4 Property, plant and equipment

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

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

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

Depreciation of leasehold improvements is calculated to write off their cost less impairment losses over the unexpired periods of the leases or their expected useful lives of 5 years 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 2.5).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included 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)

2.5 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.

2.6 Financial assets

(a) Classification

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

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

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

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

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

(b) Recognition and derecognition

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

(c) Measurement

At initial recognition, the Society measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Equity instruments

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

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI included in trust fund assets are not reported in trust fund.

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)

2.6 Financial assets (Continued)

(d) Impairment

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

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

2.7 Offsetting financial instruments

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

2.8 Receivables

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

2.9 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.

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)

2.12 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.

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.

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)

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

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

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

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

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

(b) Donations from fund raising activities

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

(c) Government grants for Employment Support Scheme ("ESS")

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Society will comply with all attached conditions. Wage subsidies from the ESS under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region are recognised as income on a systematic basis over the periods to match the costs for which they are intended to compensate.

2.18 Revenue recognition

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

(a) Home help fees

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

(b) Subsidiary services income and other project income

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

2.19 Dividend

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

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)

2.20 Interest income

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

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

2.21 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.

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.22 Leases (as a lessee)

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

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

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

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

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

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

To determine the incremental borrowing rate, the Society:

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

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

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

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

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

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)

2.22 Leases (as a lessee) (Continued)

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

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

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

3 Financial and fund risks management

3.1 Financial risk factors

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

(a) Foreign exchange risk

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

(b) Credit risk

The Society has policies in place for the controlling and monitoring of its credit risk. The credit risk of the Society is attributable to 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 basis so as to minimise collection exposure.

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

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

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

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

On this basis, the loss allowance as at 31st March 2021 and 2020 was considered immaterial.

For other financial assets at amortised cost, no loss allowance provision was determined as at 31st March 2021 and 2020 as the Executive Committee considered that the expected credit loss was immaterial.

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

(c) Liquidity risk

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

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

	2021	2020
Less than 1 year		
Payables (note 19)	3,064,643	2,052,708
Home help deposits received	100,000	97,000
Undiscounted lease liabilities (note 20)	6,343,283	6,318,468
	<u>9,507,926</u>	<u>8,468,176</u>
More than one year and less than five years		
Undiscounted lease liabilities (note 20)	1,108,640	6,015,283
	<u>1,108,640</u>	<u>6,015,283</u>
	<u>10,616,566</u>	<u>14,483,459</u>

(d) Cash flow interest rate risk

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

At 31st March 2021, if interest rates on bank deposits of the Society and trust fund assets had been 50 basis points (2020: 50 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately HK\$1,500,000 (2020: HK\$1,207,000) higher/lower and trust funds would have been approximately HK\$41,000 (2020: HK\$38,000) higher/lower, as a result of higher/lower interest income on the bank deposits.

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

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(e) Price risk

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

At 31st March 2021, if equity price of the investments had increased/decreased by 5% (2020: 5%) with all other variables held constant, trust fund assets and trust funds would have been increased/decreased by approximately HK\$2,061,000 (2020: HK\$1,740,000), as a result of higher/lower fair value of FVOCI.

3.2 Fund risk management

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

	2021	2020
<u>Recurring fair value measurements</u>		
Level 1		
FVOCI included in Trust fund assets (note 8)	41,213,340	34,811,056

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on 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.

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)

(b) Valuation technique used to determine fair values

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

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

3.4 Offsetting financial assets and financial liabilities

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

4 Critical accounting estimate and judgements

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

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

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment

	Leasehold improvements	Furniture, fixtures and equipment	Air-conditioners	Motor vehicles	Construction in progress	Total
At 1st April 2019						
Cost	53,696,700	16,507,656	1,957,709	15,517,667	-	87,679,732
Accumulated depreciation	(40,167,250)	(12,893,074)	(1,763,382)	(12,566,935)	-	(67,390,641)
Net book amount	13,529,450	3,614,582	194,327	2,950,732	-	20,289,091
Year ended 31st March 2020						
Opening net book amount	13,529,450	3,614,582	194,327	2,950,732	-	20,289,091
Additions	9,503,960	2,581,342	246,600	-	661,800	12,993,702
Disposals (note 29(b))	-	(7,946)	-	-	-	(7,946)
- Cost	(675,750)	(937,863)	(70,410)	-	-	(1,684,023)
- Accumulated depreciation	675,750	929,917	70,410	-	-	1,676,077
Depreciation (note 23)	(5,192,663)	(2,007,103)	(166,018)	(1,487,295)	-	(8,853,079)
Closing net book amount	17,840,747	4,180,875	274,909	1,463,437	661,800	24,421,768
At 31st March 2020						
Cost	62,524,910	18,151,135	2,133,899	15,517,667	661,800	98,989,411
Accumulated depreciation	(44,684,163)	(13,970,260)	(1,858,990)	(14,054,230)	-	(74,567,643)
Net book amount	17,840,747	4,180,875	274,909	1,463,437	661,800	24,421,768

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment (Continued)

	Leasehold improvements	Furniture, fixtures and equipment	Air- conditioners	Motor vehicles	Construction in progress	Total
Year ended 31st March 2021						
Opening net book amount	17,840,747	4,180,875	274,909	1,463,437	661,800	24,421,768
Additions	4,398,738	3,329,559	231,790	2,091,948	747,660	10,799,695
Disposals (note 29(b))	(17,598)	(8,724)	-	-	-	(26,322)
- Cost	(4,865,353)	(2,530,257)	(174,730)	(239,000)	-	(7,809,340)
- Accumulated depreciation	4,847,755	2,521,533	174,730	239,000	-	7,783,018
Depreciation (note 23)	(5,583,631)	(2,460,069)	(184,036)	(1,119,143)	-	(9,346,879)
Closing net book amount	16,638,256	5,041,641	322,663	2,436,242	1,409,460	25,848,262
At 31st March 2021						
Cost	62,058,295	18,950,437	2,190,959	17,370,615	1,409,460	101,979,766
Accumulated depreciation	(45,420,039)	(13,908,796)	(1,868,296)	(14,934,373)	-	(76,131,504)
Net book amount	16,638,256	5,041,641	322,663	2,436,242	1,409,460	25,848,262

Depreciation expense of HK\$9,346,879 (2020: HK\$8,853,079) has been charged in other expenses.

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

6 Right-of-use assets

	Offices and service centres
At 1st April 2019	
Cost	10,775,191
Accumulated depreciation	-
	<u>10,775,191</u>
Net book amount	<u>10,775,191</u>
Year ended 31st March 2020	
Opening net book amount	10,775,191
Additions	6,215,151
Depreciation (note 23)	(5,586,933)
	<u>11,403,409</u>
Closing net book amount	<u>11,403,409</u>
At 31st March 2020	
Cost	16,990,342
Accumulated depreciation	(5,586,933)
	<u>11,403,409</u>
Net book amount	<u>11,403,409</u>
Year ended 31st March 2021	
Opening net book amount	11,403,409
Additions	1,669,568
Depreciation (note 23)	(6,224,789)
	<u>6,848,188</u>
Closing net book amount	<u>6,848,188</u>
At 31st March 2021	
Cost	18,659,910
Accumulated depreciation	(11,811,722)
	<u>6,848,188</u>
Net book amount	<u>6,848,188</u>

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

Details of the maturity analysis of lease liabilities and total cash outflow for leases in 2020 are set out in notes 20 and 29(d) respectively.

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7 Financial instruments by category

The Society holds the following financial instruments:

	Financial assets at amortised cost	FVOCI	Total
<u>31st March 2021</u>			
Financial assets			
Trust fund assets (note 8)	8,141,235	41,213,340	49,354,575
Receivables from Lotteries Fund (note 9)	3,644,910	-	3,644,910
Deposits and other receivables (note 10)	20,462,410	-	20,462,410
Fixed deposits with original maturity over three months (note 11)	25,156,219	-	25,156,219
Cash and cash equivalents (note 11)	276,347,235	-	276,347,235
	<u>333,752,009</u>	<u>41,213,340</u>	<u>374,965,349</u>
<u>31st March 2020</u>			
Financial assets			
Trust fund assets (note 8)	7,523,340	34,811,056	42,334,396
Receivables from Lotteries Fund (note 9)	11,025,205	-	11,025,205
Deposits and other receivables (note 10)	19,649,465	-	19,649,465
Fixed deposits with original maturity over three months (note 11)	24,957,226	-	24,957,226
Cash and cash equivalents (note 11)	224,154,066	-	224,154,066
	<u>287,309,302</u>	<u>34,811,056</u>	<u>322,120,358</u>
		2021	2020
Financial liabilities at amortised cost			
Payables (note 19)		3,064,643	2,052,708
Home help deposits received		100,000	97,000
Lease liabilities (note 20)		7,217,801	11,708,886
		<u>10,382,444</u>	<u>13,858,594</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

8 Trust fund assets

	2021	2020
FVOCI		
Equity securities, at market value		
- listed in Hong Kong	36,062,140	31,347,856
- listed outside Hong Kong	5,151,200	3,463,200
	<u>41,213,340</u>	<u>34,811,056</u>
Bank balances and cash	8,141,235	7,523,340
	<u>49,354,575</u>	<u>42,334,396</u>
Total trust fund assets	<u><u>49,354,575</u></u>	<u><u>42,334,396</u></u>
Represented by:		
Investment costs	1,093,572	1,093,572
Fixed deposits with original maturity over three months	6,757,796	6,685,267
Other bank balances and cash	1,383,439	838,073
Revaluation surplus on FVOCI	40,119,768	33,717,484
	<u>49,354,575</u>	<u>42,334,396</u>
	<u><u>49,354,575</u></u>	<u><u>42,334,396</u></u>

(a) Classification of financial assets at FVOCI

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

(b) Equity investments at FVOCI

	2021	2020
Non-current assets		
- Listed equity securities, at market value	41,213,340	34,811,056
	<u>41,213,340</u>	<u>34,811,056</u>

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

Trust fund assets are denominated in the following currencies:

	2021	2020
Hong Kong dollars	44,203,375	38,871,196
United States dollars	5,151,200	3,463,200
	<u>49,354,575</u>	<u>42,334,396</u>
	<u><u>49,354,575</u></u>	<u><u>42,334,396</u></u>

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund

	IHC East Kowloon Centre (Shun On) Motor Vehicle	IFSC Kwai Chung Centre Kwai Chung (South) Fitting- out Works for Reprovisioning	IFSC Kwai Chung Centre Kwai Chung (South) Furniture & Equipment	Kowloon City Centre for Active Ageing Fitting-out Works	IFSC East Kowloon Centre Yau Tong Fitting-out Works for Reprovisioning	IFSC East Kowloon Centre Yau Tong Furniture & Equipment	Kowloon City Centre for Active Ageing Furniture & Equipment	Sub-total to next page
At 1st April 2019	1,076,200	5,938,831	385,000	2,590,974	145,000	-	29,000	10,165,005
Add: Expenditure incurred during the year	-	670,849	-	219,697	6,826,851	528,861	-	8,246,258
Less: Funds received during the year	(1,059,200)	(6,099,282)	-	(2,611,011)	-	-	(29,000)	(9,798,493)
Less: Unclaimed balances written off	(17,000)	-	-	-	-	-	-	(17,000)
At 31st March 2020 and 1st April 2020	-	510,398	385,000	199,660	6,971,851	528,861	-	8,595,770
Add: Expenditure incurred during the year	-	256,872	-	-	818,149	-	-	1,075,021
Less: Funds received during the year	-	-	(385,000)	(199,660)	(6,928,100)	(526,773)	-	(8,039,533)
Less: Unclaimed balances written off	-	-	-	-	-	(2,088)	-	(2,088)
At 31st March 2021	-	767,270	-	-	861,900	-	-	1,629,170

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund (Continued)

	Specialised Co- parenting Support Centre Fitting-out Works	Specialised Co- parenting Support Centre Furniture & Equipment	EHCCS Lai Huen Service Centre Furniture & Equipment	EHCCS Tai Wo Hau Service Centre Furniture & Equipment	EHCCS Islands Service Centre Furniture & Equipment	EHCCS Shun Lee Service Centre Furniture & Equipment	IFSC Kwai Chung Centre Kwai Chung (South) Reinstatement Works	Sub-total to next page
At 1st April 2019	10,165,005	-	-	-	-	-	-	10,165,005
Add: Expenditure incurred during the year	8,246,258	1,000,000	82,734	87,995	31,998	194,202	98,000	10,120,494
Less: Funds received during the year	(9,798,493)	-	-	-	-	-	-	(9,798,493)
Less: Unclaimed balances written off	(17,000)	-	-	-	-	-	-	(17,000)
At 31st March 2020 and 1st April 2020	8,595,770	1,000,000	82,734	87,995	31,998	194,202	98,000	10,470,006
Add: Expenditure incurred during the year	1,075,021	-	-	-	-	-	-	1,095,481
Less: Funds received during the year	(8,039,533)	(950,000)	(82,734)	(87,995)	(30,798)	(194,202)	(98,000)	(9,874,138)
Less: Unclaimed balances written off	(2,088)	-	-	-	(1,200)	-	-	(3,288)
At 31st March 2021	1,629,170	50,000	-	-	-	-	-	1,688,061

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund (Continued)

	Pilot Scheme on Social Work Service for Pre-primary Institutions (Phase 1) Rent/Rates/Government Rent Subsidy & Management Fee	IFSC East Kowloon Centre Yau Tong Reinstatement Works	6 IFSCs Furniture & Equipment	Pilot Scheme on Social Work Service for Pre-primary Institutions (Phase 1) Furniture & Equipment	Pilot Scheme on Social Work Service for Pre-primary Institutions (Phase 2) Furniture & Equipment	Sub-total to next page
At 1st April 2019	-	-	-	-	-	10,165,005
Add: Expenditure incurred during the year	118,818	146,300	6,849	185,340	97,892	10,675,693
Less: Funds received during the year	-	-	-	-	-	(9,798,493)
Less: Unclaimed balances written off	-	-	-	-	-	(17,000)
At 31st March 2020 and 1st April 2020	118,818	146,300	6,849	185,340	97,892	11,025,205
Add: Expenditure incurred during the year	125,664	-	129,707	10,635	98	1,361,585
Less: Funds received during the year	(223,538)	(146,300)	(136,556)	(195,975)	(96,695)	(10,673,202)
Less: Unclaimed balances written off	-	-	-	-	(1,295)	(4,583)
At 31st March 2021	20,944	-	-	-	-	1,709,005

Note: 6 IFSCs represent IFSC Hong Kong Eastern Centre North Point, IFSC Kwun Tong Centre Shun Lee, IFSC East Kowloon Centre Yau Tong, IFSC Tseung Kwan O Centre Tseung Kwan O (South), IFSC West Kowloon Centre Shamshuiipo (West) and IFSC Kwai Chung Centre Kwai Chung (South).

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund (Continued)

	Sub-total from previous page	Pilot Scheme on Social Work Service for Pre-primary Institutions (Phase 3) Furniture & Equipment	IHC (Frail Cases) Cheung Shan and Tai Wo Hau Service Centre Motor Vehicle	EHCCS Shun Lee Service Centre Motor Vehicle	16 IHCs (Frail Cases) Furniture & Equipment	Total
At 1st April 2019						
Add: Expenditure incurred during the year	10,165,005	-	-	-	-	10,165,005
Less: Funds received during the year	10,675,693	-	-	-	-	10,675,693
Less: Unclaimed balances written off	(9,798,493)	-	-	-	-	(9,798,493)
	(17,000)	-	-	-	-	(17,000)
At 31st March 2020 and 1st April 2020						
Add: Expenditure incurred during the year	11,025,205	-	-	-	-	11,025,205
Less: Funds received during the year	1,361,585	97,863	1,062,000	1,086,285	776,042	4,383,775
Less: Unclaimed balances written off	(10,673,202)	-	-	(1,086,285)	-	(11,759,487)
	(4,583)	-	-	-	-	(4,583)
At 31st March 2021						
	1,709,005	97,863	1,062,000	-	776,042	3,644,910

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

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

10 Deposits, prepayments and other receivables

	2021	2020
Utility and other deposits	1,518,716	1,868,727
Other receivables	18,943,694	17,780,738
	<u>20,462,410</u>	<u>19,649,465</u>
Financial assets	20,462,410	19,649,465
Prepayments	2,136,543	1,138,836
	<u>22,598,953</u>	<u>20,788,301</u>

As at 31st March 2021, the Executive Committee considered that the expected credit loss for deposits and other receivables was immaterial thus no loss allowance was made.

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

The carrying amounts of deposits and other receivables approximate their fair values as at 31st March 2021 and 2020, and are denominated in Hong Kong dollars.

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

	2021	2020
Fixed deposits with original maturity over three months	25,156,219	24,957,226
Cash and cash equivalents		
- Cash at banks and in hand	276,347,235	224,154,066
	<u>301,503,454</u>	<u>249,111,292</u>
Maximum exposure to credit risk	<u>301,238,054</u>	<u>248,851,892</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	2021	2020
Social Welfare Lump Sum Grant Reserves assets			
- Lump Sum Grant Reserve assets	15(a)	107,644,488	85,713,015
- Provident Fund Reserve assets	15(b)	17,965,391	17,239,960
- Subvented Employee Benefit Reserve assets	15(a) & (c)	23,823,212	17,887,394
Social Welfare Subvention Reserve assets	16	11,057,833	8,853,876
Working capital		115,856,311	94,459,821
		<u>276,347,235</u>	<u>224,154,066</u>

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NOTES TO THE FINANCIAL STATEMENTS

12 General Fund

	2021	2020
At 1st April	78,419,667	57,730,153
Surplus transferred from the statement of comprehensive income	22,188,390	22,189,514
Transfer to Designated Funds (note 14)	(77,352)	(1,500,000)
Transfer from Trust Funds (note 17)	126,197	-
At 31st March	<u>100,656,902</u>	<u>78,419,667</u>

13 Capital Reserve

	2021	2020
At 1st April	1,204,203	1,466,914
Deficit transferred from the statement of comprehensive income	(541,109)	(262,711)
At 31st March	<u>663,094</u>	<u>1,204,203</u>

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds

	P. S. Cassidy and Sir Douglas Clague Charitable Donation (note a)	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)	Family Emergency Assistance Relief Grant (note j)	Others (note k)	Total
At 1st April 2019	26,284,488	(73,969)	319,534	3,106,314	(76,095)	21,511	20,934	4,364,649	2,365,754	2,426,748	206,183	38,966,051
Surplus/(deficit) transferred from the statement of comprehensive income	2,295,406	-	(319,534)	(247,551)	(570,347)	-	18,244	(164,338)	(148,822)	(752,172)	316,722	427,608
Transfer of account	-	-	-	74,453	-	-	-	74,753	224,259	-	(373,465)	-
Transfer from General Fund (note 12)	-	-	-	-	1,500,000	-	-	-	-	-	-	1,500,000
At 31st March 2020 and 1st April 2020	28,579,894	(73,969)	-	2,933,216	853,558	21,511	39,178	4,275,064	2,441,191	1,674,576	149,440	40,893,659
Surplus/(deficit) transferred from the statement of comprehensive income	1,500,507	(3,383)	-	(165,476)	(601,854)	-	(5,688)	(1,531,442)	(288,183)	(538,804)	55,260	(1,579,063)
Transfer of account	-	-	-	66,542	-	-	-	50,000	-	-	(116,542)	-
Transfer from General Fund (note 12)	-	77,352	-	-	-	-	-	-	-	-	-	77,352
At 31st March 2021	30,080,401	-	-	2,834,282	251,704	21,511	33,490	2,793,622	2,153,008	1,135,772	88,158	39,391,948

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds (Continued)

- (a) P. S. Cassidy and Sir Douglas Clague Charitable Donation
Represent dividend and interest income from the P. S. Cassidy and Sir Douglas Clague Charitable Donation, and is designated for providing the improvement of services.
- (b) 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 funds designated for the refurbishment and recurrent costs of the Family Retreat Centre.
- (j) Family Emergency Assistance Relief Grant
Represent funds designated to provide emergency financial assistance to the families that are suffering from crisis and assist them to reconstruct normal family functions.
- (k) Others
Represent the funds other than those mentioned above.

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NOTES TO THE FINANCIAL STATEMENTS

15 Social Welfare Lump Sum Grant Reserves

	Lump Sum Grant Reserve (note a)	Provident Fund Reserve (note b)	Subvented Employee Benefit Reserve (notes a & c)	Total
At 1st April 2019	79,401,585	17,104,678	15,430,809	111,937,072
Surplus transferred from the statement of comprehensive income	8,747,776	198,775	-	8,946,551
Transfer from Social Welfare Subvention Reserve (note 16)	-	-	20,239	20,239
Transfer	(2,436,346)	-	2,436,346	-
Refund of prior years' surplus to SWD	-	(63,493)	-	(63,493)
At 31st March 2020 and 1st April 2020	85,713,015	17,239,960	17,887,394	120,840,369
Surplus transferred from the statement of comprehensive income	27,830,896	1,038,241	-	28,869,137
Transfer from Social Welfare Subvention Reserve (note 16)	-	-	36,395	36,395
Transfer	(5,899,423)	-	5,899,423	-
Refund of prior years' surplus to SWD	-	(312,810)	-	(312,810)
At 31st March 2021	107,644,488	17,965,391	23,823,212	149,433,091

- (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 2021, as the cap has not been exceeded, no amount is refundable (2020: 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:

	2021	2020
Employee entitlements to unutilised annual leave	20,653,941	15,595,031
Employee entitlements to long service payments	3,169,271	2,292,363
	<u>23,823,212</u>	<u>17,887,394</u>

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

15 Social Welfare Lump Sum Grant Reserves (Continued)

(c) Subvented Employee Benefit Reserve is represented by: (Continued)

Approximately 88% (2020: 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.

16 Social Welfare Subvention Reserve

	Central items reserve	Rent and rates reserve	Interest received	Total
At 1st April 2019	8,694,909	(215,564)	131,466	8,610,811
Surplus transferred from the statement of comprehensive income	5,767,617	(25,050)	-	5,742,567
Transfer to Social Welfare Lump Sum Grant Reserves (note 15)	(20,239)	-	-	(20,239)
Refund of prior years' surplus to SWD	(5,372,341)	(106,922)	-	(5,479,263)
At 31st March 2020 and 1st April 2020	9,069,946	(347,536)	131,466	8,853,876
Surplus transferred from the statement of comprehensive income	7,214,815	1,089,580	-	8,304,395
Transfer to Social Welfare Lump Sum Grant Reserves (note 15)	(36,395)	-	-	(36,395)
Refund of prior years' surplus to SWD	(5,850,123)	(213,920)	-	(6,064,043)
At 31st March 2021	10,398,243	528,124	131,466	11,057,833

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

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

17

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
At 1st April 2019	128,932	1,809,280	45,951,000	319,743	14,329,527	1,290,927	63,829,409
Funds entrusted	-	-	-	-	4,588,576	-	4,588,576
Bank interest	-	19,739	187,243	520	34,322	-	241,824
Dividends from listed investments	-	24,792	1,531,668	-	214,124	-	1,770,584
Utilised during the year	-	-	-	(164,750)	(5,081,780)	(2,395)	(5,248,925)
Income transferred to the statement of comprehensive income	-	-	(1,718,911)	-	-	-	(1,718,911)
Revaluation deficit	-	(392,607)	(17,201,355)	-	(3,534,199)	-	(21,128,161)
At 31st March 2020 and 1st April 2020	128,932	1,461,204	28,749,645	155,513	10,550,570	1,288,532	42,334,396
Funds entrusted	-	-	-	210,000	12,273,649	-	12,483,649
Bank interest	-	5,451	54,397	6	5,803	-	65,657
Dividends from listed investments	-	19,645	1,446,110	-	164,656	-	1,630,411
Utilised during the year	-	-	-	(43,672)	(11,888,879)	(2,567)	(11,935,118)
Income transferred to the statement of comprehensive income	-	-	(1,500,507)	-	-	-	(1,500,507)
Transfer (to)/from General Fund (note 12)	(128,932)	2,735	-	-	-	-	(126,197)
Revaluation surplus	-	65,583	4,307,818	-	2,028,883	-	6,402,284
At 31st March 2021	-	1,554,618	33,057,463	321,847	13,134,682	1,285,965	49,354,575

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

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

17 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

18	Deferred income	Lotteries Fund Block Grant Reserve (note a)	Deferred income on property, plant and equipment (note b)	SWDF (note c)	Deferred income on projects	Total
	<u>Year ended 31st March 2020</u>					
	Allocation from SWD during the year	4,592,000	9,480,233	1,683,660	-	6,275,660
	Sponsorship/grant received during the year	-	-	-	18,694,039	28,174,272
	Other income	700	-	6,300	-	7,000
	Interest income received	1,776	-	913	4,185	6,874
	Expenditure incurred during the year	(1,164,997)	-	(1,261,564)	(16,839,110)	(19,265,671)
	Depreciation on property, plant and equipment	(2,814,475)	(5,012,629)	(254,644)	-	(8,081,748)
	Loss on disposal of property, plant and equipment	(4,751)	(2,308)	-	-	(7,059)
	Increase for the year	610,253	4,465,296	174,665	1,859,114	7,109,328
	At 1st April 2019	9,183,709	11,799,091	2,969,207	1,955,729	25,907,736
	At 31st March 2020	9,793,962	16,264,387	3,143,872	3,814,843	33,017,064
	Represented by:					
	Unspent balance	4,802,717	-	2,614,913	3,814,843	11,232,473
	Depreciative property, plant and equipment	4,991,245	16,264,387	528,959	-	21,784,591
		9,793,962	16,264,387	3,143,872	3,814,843	33,017,064
	Current portion	4,309,344	5,204,602	1,603,373	3,410,227	14,527,546
	Non-current portion	5,484,618	11,059,785	1,540,499	404,616	18,489,518
		9,793,962	16,264,387	3,143,872	3,814,843	33,017,064

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income (Continued)

	Lotteries Fund Block Grant Reserve (note a)	Deferred income on property, plant and equipment (note b)	SWDF (note c)	Deferred income on projects	Total
<u>Year ended 31st March 2021</u>					
Allocation from SWD during the year	5,329,000	-	184,679	-	5,513,679
Sponsorship/grant received during the year	-	5,346,929	-	30,275,787	35,622,716
Other income	1,500	-	2,100	-	3,600
Interest income received	70	-	51	4,258	4,379
Expenditure incurred during the year	(2,561,763)	-	(584,686)	(29,581,047)	(32,727,496)
Depreciation on property, plant and equipment	(2,546,072)	(5,535,647)	(329,927)	-	(8,411,646)
Loss on disposal of property, plant and equipment	(15,876)	(7,635)	-	-	(23,511)
Increase/(decrease) for the year	206,859	(196,353)	(727,783)	698,998	(18,279)
At 1st April 2020	9,793,962	16,264,387	3,143,872	3,814,843	33,017,064
At 31st March 2021	10,000,821	16,068,034	2,416,089	4,513,841	32,998,785
Represented by:					
Unspent balance	5,041,423	-	1,886,538	4,513,841	11,441,802
Depreciative property, plant and equipment	4,959,398	16,068,034	529,551	-	21,556,983
	10,000,821	16,068,034	2,416,089	4,513,841	32,998,785
Current portion	4,200,345	5,302,449	1,353,008	3,912,447	14,768,249
Non-current portion	5,800,476	10,765,585	1,063,081	601,394	18,230,536
	10,000,821	16,068,034	2,416,089	4,513,841	32,998,785

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

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income (Continued)

(a) Lotteries Fund Block Grant Reserve

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

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

	2021	2020
Balance as at 1st April	4,802,717	3,335,782
Add: Block Grant received during the year	5,329,000	4,592,000
Interest income received	70	1,776
Other income	1,500	700
	<u>5,330,570</u>	<u>4,594,476</u>
Less: Expenditure during the year		
Minor Works Projects	(1,491,495)	(897,035)
Furniture & Equipment	(3,389,827)	(2,114,113)
Vehicle Overhauling	(210,542)	(116,393)
	<u>(5,091,864)</u>	<u>(3,127,541)</u>
Contribution from the Society to cover the deficit	-	-
Balance as at 31st March	<u>5,041,423</u>	<u>4,802,717</u>
Capital Commitments	2021	2020
As at 31st March, the outstanding commitments in respect of F&E Replenishment and Minor Works Block Grant were as follows:		
Contracted for but not provided in the accompanying financial statements	750,405	273,000
Authorised but not contracted for	-	-
	<u>750,405</u>	<u>273,000</u>

(b) Deferred income on property, plant and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income (Continued)

(c) SWDF

SWDF supports training and professional development, capacity enhancement initiatives, and service delivery enhancement studies of the subvented services under Phases 2 and 3.

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

	2021	2020
(i) Use of SWDF Phase 2		
Balance as at 1st April	-	20,294
Allocation from SWDF during the year	-	-
Expenditure during the year		
- Projects under scope B (IT)	-	(20,294)
	<hr/>	<hr/>
Total expenditure during the year	-	(20,294)
	<hr/>	<hr/>
Balance as at 31st March	-	-
	<hr/>	<hr/>
(ii) Use of SWDF Phase 3		
Balance as at 1st April	2,614,913	2,516,816
Allocation from SWDF during the year	184,679	1,683,660
Interest income received	51	913
Refund from staff	2,100	6,300
	<hr/>	<hr/>
Expenditure during the year		
Projects under scope A	(449,458)	(1,043,163)
Projects under scope B (IT)	(330,519)	(331,214)
Projects under scope B (non-IT)	(104,125)	-
Projects under scope C	-	(89,288)
Administrative support	(31,103)	(129,111)
	<hr/>	<hr/>
Total expenditure during the year	(915,205)	(1,592,776)
	<hr/>	<hr/>
Balance as at 31st March	1,886,538	2,614,913
	<hr/>	<hr/>
Total balance as at 31st March	1,886,538	2,614,913
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

19 Payables and receipts in advance

	2021	2020
Payables	3,064,643	2,052,708
Receipts in advance	12,700,676	14,196,263
	<u>15,765,319</u>	<u>16,248,971</u>

The carrying amounts of payables approximate their fair values as at 31st March 2021 and 2020, and are denominated in Hong Kong dollars.

20 Lease liabilities

	2021	2020
Current	6,126,472	5,867,670
Non-current	1,091,329	5,841,216
	<u>7,217,801</u>	<u>11,708,886</u>
Minimum lease payments		
- Within one year	6,343,283	6,318,468
- Over one year and less than five years	1,108,640	6,015,283
	<u>7,451,923</u>	<u>12,333,751</u>
Less: Total future interest expenses	(234,122)	(624,865)
Present value of lease liabilities	<u>7,217,801</u>	<u>11,708,886</u>

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

Interest expense of HK\$485,734 (2020: HK\$612,611) has been charged in the statement of comprehensive income.

21 Employee benefit expense

	2021	2020
Salaries	396,456,868	356,877,679
Pension costs - defined contribution scheme and MPF scheme	34,200,761	31,480,587
Staff welfare and other benefits	2,124,300	1,951,434
Provision for unutilised annual leave and long service payments	(2,220,606)	56,649
Total	<u>430,561,323</u>	<u>390,366,349</u>

22 Programme expenses

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

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

NOTES TO THE FINANCIAL STATEMENTS

23 Premises and other expenses

	2021	2020
Auditor's remuneration - audit services	495,718	653,807
Depreciation		
- Property, plant and equipment (note 5)	9,346,879	8,853,079
- Right-of-use assets (note 6)	6,224,789	5,586,933
Electricity	1,298,952	1,971,317
Insurance	4,036,606	3,284,490
Loss on disposal of property, plant and equipment (note 29(b))	26,322	7,946
Nursing care consumables	5,122,254	5,845,285
Operating lease (including non-lease components, low value and short-term lease) in respect of office premises and service centres	4,305,691	5,442,955
Repairs and maintenance	6,971,695	4,111,459
Rent concessions	(595,050)	-
Telephone charges	2,489,782	1,539,765
Travelling	478,407	697,662
Training/course/workshop	1,392,239	2,059,288
Printing and stationery	1,382,954	1,273,318
Others	5,736,660	5,614,889
Total	48,713,898	46,942,193

24 Donation funding for specific projects

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

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

Year ended 31st March 2021

	Period from 1st April 2020 to 31st July 2020 (School Year 2019/20)		Period from 1st August 2020 to 31st March 2021 (School Year 2020/21)		Total
	<u>HKE1906</u>	<u>KwT1915</u>	<u>HKE2006</u>	<u>KwT2008</u>	
Income					
- Funds received from Education Bureau	-	-	98,791	218,155	316,946
- Fee income received	-	91,741	-	-	91,741
- Other income	131	-	-	-	131
	<u>131</u>	<u>91,741</u>	<u>98,791</u>	<u>218,155</u>	<u>408,818</u>
Expenditure					
- Staff costs	(12,549)	(25,620)	(19,783)	(91,653)	(149,605)
- Programme expenses	(21,684)	(803)	(4,253)	(19,687)	(46,427)
	<u>(34,233)</u>	<u>(26,423)</u>	<u>(24,036)</u>	<u>(111,340)</u>	<u>(196,032)</u>
Net surplus/(deficit)	<u>(34,102)</u>	<u>65,318</u>	<u>74,755</u>	<u>106,815</u>	<u>212,786</u>

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

NOTES TO THE FINANCIAL STATEMENTS

24 Donation funding for specific projects (Continued)

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

Year ended 31st March 2020

	Period from 1st April 2019 to 31st July 2019 (School Year 2018/19)		Period from 1st August 2019 to 31st March 2020 (School Year 2019/20)		Total
	HKE1809	KwT1814	HKE1906	KwT1915	
Income					
- Funds received from Education Bureau	37,670	60,844	97,403	161,772	357,689
- Fee income received	-	138,787	-	-	138,787
	<u>37,670</u>	<u>199,631</u>	<u>97,403</u>	<u>161,772</u>	<u>496,476</u>
Expenditure					
- Staff costs	(19,018)	(106,687)	(37,547)	(136,473)	(299,725)
- Programme expenses	(42,210)	(22,325)	(16,558)	(39,341)	(120,434)
	<u>(61,228)</u>	<u>(129,012)</u>	<u>(54,105)</u>	<u>(175,814)</u>	<u>(420,159)</u>
Net surplus/(deficit)	<u>(23,558)</u>	<u>70,619</u>	<u>43,298</u>	<u>(14,042)</u>	<u>76,317</u>

(b) Programmes from Community Care Fund

Year ended 31st March 2021

	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase III	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	29,520	200	5,400	35,120
Expenditure	(51,120)	-	(110)	(51,230)
Net surplus/(deficit)	<u>(21,600)</u>	<u>200</u>	<u>5,290</u>	<u>(16,110)</u>

Year ended 31st March 2020

	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase III	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	40,320	4,500	18,000	62,820
Expenditure	-	-	(14,764)	(14,764)
Net surplus	<u>40,320</u>	<u>4,500</u>	<u>3,236</u>	<u>48,056</u>

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

NOTES TO THE FINANCIAL STATEMENTS

24 Donation funding for specific projects (Continued)

(c)	Programmes from The Community Chest	<p style="text-align: center;">"Parade of Lights" – Pilot Project on "Child-focused" Intervention Programme for Children Facing Parental Conflicts/Separation or Divorce</p> <p style="text-align: center;">2021 2020</p>
	Funds received	1,293,893 1,269,256
	Fee income received	- 4,000
	Expenditure	<u>(1,293,892)</u> <u>(1,273,257)</u>
	Net surplus/(deficit)	<u>1</u> <u>(1)</u>
(d)	HSBC Community Partnership Programme from the Hongkong and Shanghai Banking Corporation Limited	<p style="text-align: center;">Mind-body Wellness Project for Women Project</p> <p style="text-align: center;">2021 2020</p>
	Funds received	132,033 -
	Fee income received	1,821 -
	Expenditure	<u>(32,914)</u> -
	Net surplus	<u>100,940</u> -
(e)	Enhanced Support for Elderly Person in Cold Weather	<p style="text-align: center;">2021 2020</p>
	Funds received	20,400 20,400
	Expenditure	<u>(20,400)</u> <u>(20,400)</u>
	Net surplus	<u>-</u> <u>-</u>
(f)	Enjoy Easy Life @ Internet – Cooperation with Library 2019	<p style="text-align: center;">2021 2020</p>
	Funds received	- 273,590
	Expenditure	<u>-</u> <u>(27,837)</u>
	Net surplus	<u>-</u> <u>245,753</u>

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

NOTES TO THE FINANCIAL STATEMENTS

24 Donation funding for specific projects (Continued)

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

	2021	2020
Funds received	-	50,000
Expenditure	(10,000)	-
Net (deficit)/surplus	<u>(10,000)</u>	<u>50,000</u>

25 Income from Lotteries Fund - General

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

	2021	2020
Lotteries Fund Grant	1,016,700	249,900
Interest income	27	-
Expenditure	(950,950)	-
Net surplus	<u>65,777</u>	<u>249,900</u>

26 Donations and income from fund raising activities

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

- (a) No proceeds (2020: HK\$413,625) raised from the flag day held in 2021 (2020: on 8th February 2020). The net proceeds of HK\$373,765 was allocated to the following services in the financial year ended 31st March 2020:

	Percentage	2020
Family Retreat Centre	60%	224,259
Family Care Support Service	20%	74,753
Innovative Service - Love for Family	20%	74,753
Net proceeds		<u>373,765</u>

- (b) No proceeds (2020: HK\$6,864) raised from Charity sale of "The Legacy of Loving Home" Notebooks held in 2021 (2020: from 27th April 2019 to 26th May 2019). The net proceeds of HK\$6,864 was allocated to the following service in the financial year ended 31st March 2020:

	Percentage	2020
Innovative Service - Love for Family	100%	<u>6,864</u>

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

NOTES TO THE FINANCIAL STATEMENTS

26 Donations and income from fund raising activities (Continued)

(c) Care for The Elderly Association Limited – The Care for The Elderly Charity Ticket Campaign

	2021	2020
Funds raising	68,942	-
Expenditure	(2,400)	(300)
Net proceeds/(loss)	<u>66,542</u>	<u>(300)</u>
	Percentage	2021
Carer Support and Elderly Service	100%	<u>66,542</u>

27 Benefits and interests of Executive Committee members

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

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

	2021	2020
Salaries and Rewards	1,778,639	1,619,171
Pension costs – defined contribution scheme and MPF Scheme	159,458	143,413
	<u>1,938,097</u>	<u>1,762,584</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 (2020: Nil). No consideration was provided to or receivable by third parties for making available Executive Committee members' service (2020: Nil). There are no loans, quasi-loans or other dealings in favour of the Executive Committee members, their controlled bodies corporate and connected entities (2020: 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 (2020: Nil).

28 Income tax expense

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

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

NOTES TO THE FINANCIAL STATEMENTS

29 Notes to the statement of cash flows

(a) Cash generated from operations

	2021	2020
Surplus for the year	57,241,750	37,043,529
Adjustments for:		
- Transfer of fund	126,197	-
- Interest income	(265,242)	(1,094,823)
- Depreciation of property, plant and equipment (note 5)	9,346,879	8,853,079
- Depreciation of right-of-use assets (note 6)	6,224,789	5,586,933
- Loss on disposal of property, plant and equipment (note (b) below)	26,322	7,946
- Interest on lease liabilities	485,734	612,611
- Rent concessions	(595,050)	-
Changes in working capital:		
- Receivables from Lotteries Fund	7,380,295	(860,200)
- Receivables from Innovation and Technology Fund	(86,680)	-
- Deposits, prepayments and other receivables	(1,810,652)	(5,996,548)
- Payables and receipts in advance	(483,652)	328,053
- Home help deposits received	3,000	3,000
- Provisions for unutilised annual leave and long service payments	(2,220,606)	56,649
- Deferred income	(18,279)	7,109,328
Cash generated from operations	<u>75,354,805</u>	<u>51,649,557</u>

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

	2021	2020
Net book amount (note 5)	26,322	7,946
Loss on disposal of property, plant and equipment (note 23)	(26,322)	(7,946)
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>-</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

29 Notes to the statement of cash flows (Continued)

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

	Lease liabilities
At 1st April 2019	10,775,191
Additions	6,215,151
Accrued interest expenses	612,611
Cash flows from financing activities - payment for lease liabilities	(5,894,067)
	<hr/>
At 31st March 2020 and 1st April 2020	11,708,886
Additions	1,669,568
Accrued interest expenses	485,734
Rent concessions	(595,050)
Cash flows from financing activities - payment for lease liabilities	(6,051,337)
	<hr/>
At 31st March 2021	<u>7,217,801</u>

30 Banking facilities

As at 31st March 2021, guarantee facilities of HK\$2,225,496 (2020: HK\$2,225,496) are granted to the Society by a bank who provides performance bonds on behalf of the Society, of which HK\$2,225,496 (2020: HK\$2,225,496) are utilised. The Society has also given a counter indemnity to the bank for the facilities granted.

31 Operating lease commitments

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

	2021	2020
No later than 1 year	410,923	200,861
Later than 1 year and no later than 5 years	21	33
	<hr/>	<hr/>
	<u>410,944</u>	<u>200,894</u>