

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
YEAR ENDED 31 MARCH 2025

REPORT OF THE DIRECTORS

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2025.

Business review

Sai Kung District Community Centre was established in the year of 1970. The organisation is continuously promoting livelihood support and establishing a support network in rural area. With the service mission of "connecting and mobilizing community resources to love and care our folks and nature across Sai Kung", we establish a unique rural service model to reduce the uneven distribution of resources between urban and rural areas, so that rural life can be preserved and a win-win society can be created.

Our vision

We are eager to build a happy and livable community for Sai Kung residents.

Our mission

We connect and mobilise community resources to love and care our folks and nature across Sai Kung.

Our belief

We believe in welfare equality regardless of who you are and where you live.

Service performance

On 31 March 2025, total income has recorded an increase by HK\$2,242,683 from HK\$26,431,512 for the year ended 31 March 2024 to HK\$28,674,195 for the year ended 31 March 2025.

During the reporting period, the organisation made no significant change in the scope of its principal services:

Our Services

Children and youth services
Child care and family support services
Elderly and primary care services
Rural support services
Community network and capital construction projects
Ecological conservation projects

Business review (continued)

Principal risks and uncertainties

Over the past year, the fluctuating economic and social environment in Hong Kong has had a significant impact on different strata of the community. The organization remains heavily reliant on government funding and donation from charity foundations. The reduction in government funding or donor fatigue has made impact on program viability and sustainability. However, the organization was delighted to receive the continuous support from the SWD and our strategic partners and supporters during the past year to operate various service programs to address the needs of the different members of our community, including those with special needs.

Recruitment and retention of qualified social workers and program staff has remained as an on-going challenge due to sector-wide brain drain and salary constraints. High staff turnover could be a red flag of overall service continuity.

Looking ahead, the organization will continue to uphold the spirit of innovation and change in the pursuit of excellence. We will strengthen our cooperation with the government, funding bodies, schools and various strategic partners of the community to promote variety of services and programmes to meet the needs of the district community.

Principal activities

The principal activities of the organisation are the organisation and promotion of non-profitable leisure activities for the general public in order to enhance the health and well-being of Hong Kong citizens.

Financial statements

The results of the organisation for the year ended 31 March 2025 and the state of the organisation's affairs as at that date are set out in the financial statements on pages 7 to 23.

Directors

The directors of the organisation during the year and up to the date of this report were:

Chan Kuen Kwan
Cheung Ting Kiu
Cheung To Shing
Cheung Yat Leung Jacky
Lai Sung Tak
Lau Kam Lun
Lau Wai Kuen Kenneth
Lau Wan Ming
Lok Shui Sang
Mo Ka Hung Joseph

Directors (continued)

So Kwok Hing
Wan Keung
Yuen To Shing

As there is no provision in the organisation's Articles of Association concerning the rotation of directors, all the present directors would continue in office for the ensuing year.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the directors of the organisation is currently in force.

Directors' interests in shares or debentures

At no time during the year was the organisation to any arrangement to enable the directors of the organisation to acquire benefits by means of the acquisition of shares in or debentures of the organisation or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the organisation was a party in which a director of the organisation had a material interest, subsisted at the end of the year or at any time during the year.

Auditor

K.W. Tam & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of K.W. Tam & Co. as auditor of the organisation is to be proposed at the forthcoming annual general meeting.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE**
西貢區社區中心
(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Sai Kung District Community Centre ("the organisation") set out on pages 7 to 23, which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in reserves and funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- (i) the financial statements give a true and fair view of the financial position of the organisation as at 31 March 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS for Private Entities Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance; and
- (ii) the organisation has complied with the funding requirements as stipulated by the Social Welfare Department and Community Care Fund on implementing the Programme(s).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as 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 are independent of the organisation in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other Than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, 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.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心**
(incorporated in Hong Kong and limited by guarantee)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the organisation'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 directors either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organisation'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. This report is made solely to you, as a body, in accordance with section 405 of the 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心**
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation'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 organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditor's report is Tam Kan Wing (practising certificate number: P03464).



K.W. Tam & Co.
Certified Public Accountants (Practising)
Unit 2002, 20th Floor,
Millennium City 3,
370 Kwun Tong Road,
Kowloon, Hong Kong

27 October 2025

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 HK\$	2024 HK\$
Revenue			
Social Welfare Department (“SWD”) subventions	3	9,560,132	9,228,853
Other subventions income		13,064,816	10,741,238
Programme income		2,865,535	3,996,260
Income from The Community Chest allocations		1,066,800	1,173,480
Income from The Hong Kong Jockey Club donations		308,387	325,138
Service fee income		1,210,887	461,312
Donations income		448,121	120,948
Flag day income		87,902	301,600
Membership fee income		<u>5,149</u>	<u>9,135</u>
		<u>28,617,729</u>	<u>26,357,964</u>
Other income	4	<u>56,466</u>	<u>73,548</u>
Expenditure			
Personal emoluments		(17,698,549)	(16,446,853)
Utilities		(86,282)	(95,364)
Administrative expenses	5	(371,322)	(409,438)
Stores and equipment		(526,508)	(423,264)
Repairs and maintenance		(415,400)	(362,847)
Programme expenses		(8,532,482)	(8,096,776)
Travelling and transportation		(245,048)	(183,937)
Insurance		(264,586)	(371,409)
Miscellaneous expenses		(98,604)	(93,226)
Rent and rates		(110,271)	(136,231)
Depreciation		(228,498)	(92,498)
SWD non-routine subventions expenditure	6	<u>(143,260)</u>	<u>(68,208)</u>
		<u>(28,720,810)</u>	<u>(26,780,051)</u>
Deficit before tax	7	(46,615)	(348,539)
Income tax expense	9	<u>--</u>	<u>--</u>
Deficit for the year		(46,615)	(348,539)
Other comprehensive surplus for the year		<u>--</u>	<u>--</u>
Total comprehensive deficit for the year		<u>(46,615)</u>	<u>(348,539)</u>

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

	Note	2025 HK\$	2025 HK\$	2024 HK\$
Non-current assets				
Property, plant and equipment	10		827,543	1,056,041

Current assets				
Subventions receivables		1,000,814		2,180,501
Prepayments		73,183		116,694
Deposits paid		112,468		112,468
Cash and cash equivalents	11	<u>5,740,209</u>		<u>3,989,910</u>
		6,926,674		6,399,573
		-----		-----
Current liabilities				
Accruals		(198,238)		(197,953)
Receipts in advance		(2,359,395)		(2,272,470)
Deferred income		(<u>723,200</u>)		(<u>472,800</u>)
		(<u>3,280,833</u>)		(<u>2,943,223</u>)
		-----		-----
Net current assets			3,645,841	3,456,350
			-----	-----
Total assets less current liabilities			4,473,384	4,512,391

Non-current liabilities				
Provision for long service payment	12		(<u>119,695</u>)	(<u>110,134</u>)
Net assets			<u>4,353,689</u>	<u>4,402,257</u>

Reserves and funds				
SWD funds			2,322,823	2,121,961
Accumulated funds			<u>2,030,866</u>	<u>2,280,296</u>
			<u>4,353,689</u>	<u>4,402,257</u>
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The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH 2025

	SWD funds			Accumulated funds			
	Social welfare subvention surpluses account HK\$	Lump sum grant P.F. surplus reserve HK\$	Sub-total HK\$	Operational fund HK\$	Emergency assistance fund HK\$	Sub-total HK\$	Total HK\$
At 1 April 2023	1,120,274	812,172	1,932,446	1,722,107	1,103,284	2,825,391	4,757,837
Total comprehensive (deficit)/ surplus for the year	(345,730)	71,647	(274,083)	(74,456)	--	(74,456)	(348,539)
Refunded to the government	(24,259)	--	(24,259)	--	--	--	(24,259)
Underpayment received from the government	17,218	--	17,218	--	--	--	17,218
Adjustments as advised by SWD	458,970	11,669	470,639	(470,639)	--	(470,639)	--
At 31 March 2024	<u>1,226,473</u>	<u>895,488</u>	<u>2,121,961</u>	<u>1,177,012</u>	<u>1,103,284</u>	<u>2,280,296</u>	<u>4,402,257</u>
At 31 March 2024	1,226,473	895,488	2,121,961	1,177,012	1,103,284	2,280,296	4,402,257
Total comprehensive (deficit)/ surplus for the year	92,055	110,760	202,815	(249,430)	--	(249,430)	(46,615)
Refunded to the government	(1,953)	--	(1,953)	--	--	--	(1,953)
At 31 March 2025	<u>1,316,575</u>	<u>1,006,248</u>	<u>2,322,823</u>	<u>927,582</u>	<u>1,103,284</u>	<u>2,030,866</u>	<u>4,353,689</u>

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 HK\$	2024 HK\$
Operating activities			
Deficit before tax	(	46,615)	(348,539)
Adjustments for:			
Bank interest income	(	17,467)	(25,875)
Depreciation		228,498	92,498
Provision for long service payment		<u>9,561</u>	<u>110,134</u>
Operating surplus/ (deficit) before changes in working capital		173,977	(171,782)
Decrease in subventions receivables		1,179,687	107,917
Decrease in prepayments		43,511	146,540
Increase in deposits paid		--	(9,704)
Increase/ (decrease) in accruals		285	(19,037)
Increase in receipts in advance		86,925	81,590
Increase in deferred income		<u>250,400</u>	<u>114,400</u>
Net cash generated from operating activities		<u>1,734,785</u>	<u>249,924</u>
Investing activities			
Bank interest received		17,467	25,875
Payment for acquisition of property, plant and equipment		<u>--</u>	<u>(680,000)</u>
Net cash generated from/(used in) investing activities		<u>17,467</u>	<u>(654,125)</u>
Financing activities			
Refunded to the government	(	1,953)	(24,259)
Underpayment received from the government		<u>--</u>	<u>17,218</u>
Net cash used in financing activities	(	<u>1,953)</u>	<u>(7,041)</u>
Net increase/(decrease) in cash and cash equivalents		1,750,299	(411,242)
Cash and cash equivalents at the beginning of the year		<u>3,989,910</u>	<u>4,401,152</u>
Cash and cash equivalents at the end of the year	11	<u><u>5,740,209</u></u>	<u><u>3,989,910</u></u>

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS

1. General status

Sai Kung District Community Centre (“the organisation”) is incorporated and domiciled in Hong Kong and has its registered office and principal place of operation at No.8 Mei Yuen Street, Sai Kung, New Territories, Hong Kong. The principal activities of the organisation are the organisation and promotion of non-profitable leisure activities for the general public in order to enhance the health and well-being of Hong Kong citizens.

The organisation is an approved charitable institution and is exempted from tax under section 88 of the Inland Revenue Ordinance.

2. Significant accounting policies

The financial statements have been prepared in accordance with all applicable HKFRS for Private Entities Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within bank borrowings in current liabilities on the statement of financial position.

(b) Accounts receivables and prepayments

Accounts receivables and prepayments are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

(c) Accounts payables and accruals

Accounts payables and accruals are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(d) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The organisation’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (continued)

(d) Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the organisation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to an unrelated market participant at fair value at the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(e) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses [see note 2(i)].

Where the organisation acquires leasehold land for own use under a finance lease, the prepaid cost included in property, plant and equipment on initial recognition represents the fair value of the leasehold land, or if lower, the present value of the minimum lease payments, determined at the inception of the lease and any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease).

The other cost of such items of property, plant and equipment comprises the following:

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

2. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the organisation will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Buildings	Shorter of remaining terms of leases or 50 years
Motor vehicles	20%
Furniture and fixtures	25%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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.

(f) Employee benefit obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the organisation. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the organisation at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2. Significant accounting policies (continued)

(h) Revenue recognition

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the organisation and the revenue and costs, if applicable, can be measured reliably, as follows:

- (i) Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with;
- (ii) Subvention income, sponsor income and program income are recognised when the corresponding activities are held;
- (iii) Donation income is recognised when the right to receive is established; and
- (iv) Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the interest applicable.

(i) Impairment of non-financial assets

At the end of each reporting period, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Related parties

- (I) A person or a close member of that person's family is related to the organisation if that person:
 - (i) has control or joint control over the organisation;
 - (ii) has significant influence over the organisation; or
 - (iii) is a member of the key management personnel of the organisation or the organisation's parent.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Significant accounting policies (continued)

(j) Related parties (continued)

(II) An entity is related to the organisation if any of the following conditions applies:

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

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

3. Social Welfare Department subventions

This represents net amounts of subventions from the SWD and recognised during the year:

	2025 HK\$	2024 HK\$
Lum sum grant	8,573,087	8,330,165
Provident fund	536,202	520,829
Rent and rates	23,747	23,747
Block grant	143,260	68,208
Central item - After-school care programme	283,836	285,904
	<u>9,560,132</u>	<u>9,228,853</u>

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

4. Other income

	2025 HK\$	2024 HK\$
Bank interest income	17,467	25,875
Gain on disposals of property, plant and equipment	15,000	--
Sundry income	23,999	47,673
	<u>56,466</u>	<u>73,548</u>

5. Administrative expenses

	2025 HK\$	2024 HK\$
Auditor's remuneration	159,295	105,815
Bank charges	10,119	6,776
Cleaning fees	14,610	20,320
Fire safety system maintenance	36,400	7,600
Postages	2,617	1,422
Recruitment fees	15,199	30,534
Staff medical compensation	780	9,432
Training fees	59,780	142,180
Telephone and internet expenses	72,522	85,359
	<u>371,322</u>	<u>409,438</u>

6. SWD non-routine subventions expenditure

	2025 HK\$	2024 HK\$
Block grant - minor work projects	<u>143,260</u>	<u>68,208</u>

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7. Deficit before tax

Deficit for the year is arrived at after charging:

	2025 HK\$	2024 HK\$
(a) Staff costs:		
Contributions to defined contribution plan	771,388	817,330
Salaries and other staff costs, including directors' remuneration	17,162,233	15,709,109
Long service payments paid	23,722	122,768
Provision for long service payment	9,561	110,134
	<u>17,966,904</u>	<u>16,759,341</u>
(b) Other items:		
Auditor's remuneration	159,295	105,815
Depreciation	228,498	92,498
	<u>228,498</u>	<u>92,498</u>

8. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2025 HK\$	2024 HK\$
Fees	--	--
Contributions to defined contribution plan	--	--
Other emoluments	--	--
	<u>--</u>	<u>--</u>

9. Income tax expense

- (a) No provision for Hong Kong Profits Tax has been made as the organisation is exempted from tax under section 88 of the Inland Revenue Ordinance for the year (2024: Nil).
- (b) No provision for deferred tax has been made for the year as the organisation does not have material temporary differences as at 31 March 2025 (2024: Nil).
- (c) Reconciliation between tax expense and accounting surplus at applicable tax rates:

	2025 HK\$	2024 HK\$
Deficit before tax	(<u>46,615</u>)	(<u>348,539</u>)
Notional tax on deficit before tax, calculated at the rates applicable to profits in Hong Kong i.e. 16.5% (2024: 16.5%)	(7,691)	(57,508)
Tax effect of non-taxable revenue	(4,731,242)	(4,361,200)
Tax effect of non-deductible expenses	<u>4,738,933</u>	<u>4,418,708</u>
Actual tax expense	<u>--</u>	<u>--</u>

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10. Property, plant and equipment

	Buildings HK\$	Motor vehicles HK\$	Furniture and fixtures HK\$	Total HK\$
Cost:				
At 1 April 2023	144,920	1,068,000	66,300	1,279,220
Additions	--	680,000	--	680,000
At 31 March 2024	144,920	1,748,000	66,300	1,959,220
Accumulated depreciation:				
At 1 April 2023	34,781	709,600	66,300	810,681
Charge for the year	2,898	89,600	--	92,498
At 31 March 2024	37,679	799,200	66,300	903,179
Net book value:				
At 31 March 2024	107,241	948,800	--	1,056,041
Cost:				
At 1 April 2024 and at 31 March 2025	144,920	1,748,000	66,300	1,959,220
Accumulated depreciation:				
At 1 April 2024	37,679	799,200	66,300	903,179
Charge for the year	2,898	225,600	--	228,498
At 31 March 2025	40,577	1,024,800	66,300	1,131,677
Net book value:				
At 31 March 2025	104,343	723,200	--	827,543

11. Cash and cash equivalents

	2025 HK\$	2024 HK\$
Cash and cash equivalents in the statement of financial position and in the statement of cash flows	5,740,209	3,989,910

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12. Provision for long service payment

	2025 HK\$	2024 HK\$
At the beginning of the reporting period	110,134	--
Charge to the statement of comprehensive income	<u>9,561</u>	<u>110,134</u>
At the end of the reporting period	<u>119,695</u>	<u>110,134</u>

Under the Employment Ordinance, the organisation is required to make long service payment to its employees upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. However, when an employee is simultaneously entitled to a long service payment and to a retirement scheme payment, the amount of long service payment may be reduced by certain benefits arising from the retirement scheme. Based on the organisation's past experience and the directors' knowledge of the business and work force, it is probable that the organisation will have to make long service payment to some employees on termination of their employment or retirement. As a result, a provision for long service payment is recognised, being the best estimate of the long service payment that are required to be made to the employees of the organisation in respect of their services up to the end of the reporting period less any amounts that would be expected to be met out of the retirement scheme.

13. Lotteries Fund - Block Grant

	2025 HK\$	2024 HK\$
Balance brought forward	63,739	3,947
Grants received during the year	134,000	128,000
Expenditure during the year - Minor works projects	(<u>143,260</u>)	(<u>68,208</u>)
Balance carried forward	<u>54,479</u>	<u>63,739</u>

14. Social Welfare Development Fund - Phase 3

	2025 HK\$	2024 HK\$
Balance brought forward	86,825	86,112
Interest received during the year	254	713
Refund to SWD during the year	(<u>87,079</u>)	--
Balance carried forward	<u>--</u>	<u>86,825</u>

(i) Scope A - Training and professional development programmes

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15. Community Care Fund Assistance Programme

During the year, the organisation has implemented the "School-based After School Care Service Scheme (Expanded Programme)" under the Community Care Fund ("CCF"). According to the requirement as stipulated by Social Welfare Department and CCF on implementing the programme, the organisation is required to disclose the income and expenditure for the programme in its financial statements.

	2025 HK\$
Income	
Subsidy from CCF	622,475
Fixed standard fee received from other needy students	<u>6,625</u>
	629,100

Expenditure	
Payme charges	(64)
Programme expenses	<u>(114,743)</u>
	(114,807)

Surplus for the year	<u>514,293</u>
Balance at the end of year	<u><u>514,293</u></u>

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16. Net proceeds from Flag Day fund raising activities

During the year ended 31 March 2025, the organisation held Flag Day fund raising activities in public places of New Territories region on 24 July 2024.

(a) Covered by Public Subscription Permit No.: FD/R089/2024

	HK\$
Income	
Donations raised from online and street selling	87,902

Expenditure	
Certificates for volunteers	(477)
Insurance	(501)
Payment platform charges	(310)
Practitioner's remuneration	(3,500)
Printing and stationary	(2,865)
Promotion	(200)
Sundry expenses	(176)
Transportation	(594)
	(8,623)

Excess of income over expenditure	<u><u>79,279</u></u>

(b) Usage of the Flag Day donations

The net proceeds raised from the Flag Day fund raising activities had been used for the following items:

	Percentage of net proceeds %	Total used amounts HK\$
Elderly and primary healthcare	50	39,640
Rural support services	<u>50</u>	<u>39,639</u>
Total	<u><u>100</u></u>	<u><u>79,279</u></u>

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17. Capital commitments

Capital commitments outstanding at 31 March 2025 not provided for in the financial statements were as follows:

	2025 HK\$	2024 HK\$
Contracted for	<u>119,520</u>	<u>227,070</u>

18. Other related party transactions

Remuneration of key management personnel, including amounts paid to the organisation's directors as disclosed in note 8 to the financial statements, is as follows:

	2025 HK\$	2024 HK\$
Short-term employee benefits	1,111,152	1,024,680
Post-employment benefits	<u>--</u>	<u>98,612</u>
	<u>1,111,152</u>	<u>1,123,292</u>

Total remuneration is included in "staff costs" [see note 7(a)].

19. Members' liability

The liability of each member to contribute to the assets of the organisation in the event of its being wound up while he is a member or within one year after he ceases to be a member, is limited to HK\$10.

20. Key sources of estimation uncertainty

In the opinion of the directors, there is no material estimation uncertainty in preparing these financial statements that needed to be disclosed.

21. Change in accounting policy as a result of application of the Hong Kong Institute of Certified Public Accountants("HKICPA") guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") - Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The organisation is obliged to pay LSP to Hong Kong employees under certain circumstances. Meanwhile, the organisation makes MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP

The policy has been applied prospectively from 1 April 2023 because it was not practicable to estimate the effects of applying the policy either retrospectively, or prospectively from any earlier date. Accordingly, the adoption of the new policy has no effect on prior years.

22. Approval of financial statements

These financial statements were authorised for issue by the organisation's board of directors on 27 October 2025.