

IMPACTHK LIMITED
同路舍有限公司
(Limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022



陳黎彭會計師事務所

CHAN, LAI, PANG & CO.

Certified Public Accountants

IMPACTHK LIMITED
同路舍有限公司

DIRECTORS' REPORT

The directors present the annual report and the audited financial statements for the year ended 31st March, 2022.

PRINCIPAL ACTIVITY

ImpactHK Limited (the "Association") is a company incorporated and domiciled in Hong Kong and its registered office at G/F, Cherry Mansion, 29 Oak Street, Tai Kok Tsui, Kowloon. The principal activity of the Association is to help the underprivileged people for the benefit of the Hong Kong Community.

RESULTS

The result of the Association for the year ended 31st March, 2022 and the state of the Association's affairs as at that date are set out in the financial statements on pages 6 to 22.

DIRECTORS

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

Appel, Terri Crystal-Gibbs
Goenka, Geet
Grenham, Nicholas
Seymour-Jones, Elizabeth Ann
Sujanani, Sunil N.
Syngkon, Clifton Andrew Jones
Wong, Peter Wai Heng

The existing directors, who retired in accordance with Article 15 of the Association's Article of Association, being eligible and offering themselves for re-election.

MANAGEMENT CONTRACTS

The Association did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Association, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any operation of the Association.

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision (as defined in Section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Association is currently in force and was in force throughout this year.

DIRECTORS' INTERESTS AND CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Association was a party, and in which a director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

IMPACTHK LIMITED
同路舍有限公司

DIRECTORS' REPORT – cont'd

BUSINESS REVIEW

The Association falls within the reporting exemption and therefore it is not required to prepare business review.

AUDITORS

Chan, Lai, Pang & Co., Certified Public Accountants retire and, being eligible, offer themselves for re-appointment.

By order of the board



Goenka, Geet
Director

Hong Kong **28 FEB 2023**



陳黎彭會計師事務所

CHAN, LAI, PANG & CO.

Certified Public Accountants

香港銅鑼灣謝斐道四八二號兆安廣場十八樓
18/F., SIU ON PLAZA, 482 JAFFE ROAD,
CAUSEWAY BAY, HONG KONG.
TEL: 2838 9088 FAX: 2838 8119
E-mail: mail@chanlaipang.com.hk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

IMPACTHK LIMITED

同路舍有限公司

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of ImpactHK Limited (the "Association") set out on pages 6 to 22, which comprise the statement of financial position as at 31st March, 2022, and the statement of income and expenditure and accumulated fund and the 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, the financial statements give a true and fair view of the financial position of the Association as at 31st March, 2022, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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 are independent of the Association 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 director's 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.

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.



陳黎彭會計師事務所

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

IMPACTHK LIMITED

同路舍有限公司

(Incorporated in Hong Kong and limited by guarantee)

- cont'd -

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 Hong Kong 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 Association'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 Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Hong Kong Companies Ordinance and for no other purposes. 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 HKSA's 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 HKSA's, 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

IMPACTHK LIMITED

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- cont'd -

- 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 Association'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 Association 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.

Chan, Lai, Pang & Co.

Certified Public Accountants

Hong Kong 28 FEB 2023

IMPACTHK LIMITED

同路舍有限公司

STATEMENT OF INCOME AND EXPENDITURE AND ACCUMULATED FUND

FOR THE YEAR ENDED 31st MARCH, 2022

	2022	2021
	HK\$	HK\$
INCOME		
General donations	15,206,454	17,871,156
Income from restricted funds – Note (20)	6,358,005	7,772,735
Retail store income	1,297,593	720,844
Café income	208,646	---
	<hr/>	<hr/>
	23,070,698	26,364,735
Interest income	273	204
Other income	530,755	330,430
Exchange gain	4	---
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	23,601,730	26,695,369
LESS : EXPENDITURE		
<u>Housing</u>		
Hostel and hotel expenses	3,150,149	5,031,913
Apartment costs	127,749	389,366
Co-living apartment costs	804,421	536,391
Deposit and rental support	31,124	191,688
<u>Foods</u>		
Foods for clients	554,721	1,474,080
Foods for kindness walks	223,286	222,371
Staff costs	329,329	---
Provident fund for staffs	14,451	---
Rent and utilities	256,708	---
Property agency fee	18,000	---
Insurance	2,001	---
Cleaning	1,731	---
Delivery costs	259	---
Depreciation on:-		
Leasehold improvement	318,063	---
<u>Employment</u>		
Allowances for clients	16,321	134,262
Allowances for community helpers	86,293	136,928
Staff costs for assistants	1,864,569	927,811
Mandatory provident fund contribution for assistants	67,488	41,275
<u>Core services:</u>		
<u>Kindness walks:-</u>		
Staff costs	528,889	446,201
Mandatory provident fund contribution	18,326	15,199
Supplies to clients	24,021	1,742
Delivery costs	108,106	62,977
<u>Counselling services:-</u>		
Staff costs	368,753	673,026
Mandatory provident fund contribution	14,826	29,903
Socialization and engagement	15,441	---
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INCOME LESS EXPENDITURE CARRIED FORWARD	14,656,705	16,380,236
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IMPACTHK LIMITED

同路舍有限公司

STATEMENT OF INCOME AND EXPENDITURE AND ACCUMULATED FUND**FOR THE YEAR ENDED 31st MARCH, 2022**

	2022	2021
	HK\$	HK\$
INCOME LESS EXPENDITURE BROUGHT FORWARD	14,656,705	16,380,236
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LESS : EXPENDITURE – cont'd		
Medical services:-		
Staff costs	142,175	146,926
Mandatory provident fund contribution	5,361	6,631
Allowances for clients	101,296	17,329
Supplies to clients	30,414	10,021
Training and development:-		
Retreat for clients	19,148	21,583
Training for clients	119,565	27,944
Education services:-		
Staff costs	334,687	329,989
Mandatory provident fund contribution	8,961	10,231
Food and necessities	2,352	-
Transportation	6,884	3,378
Guestroom:-		
Staff costs	542,064	472,921
Mandatory provident fund contribution	19,155	17,285
Rent and utilities expenses	371,146	341,552
Insurance	2,784	3,038
Cleaning	22,353	45,063
Communication expenses	8,064	20,139
Delivery costs	17,959	23,633
Depreciation on:-		
Furniture, fixtures and equipment	24,049	1,942
Leasehold improvement	30,640	51,516
Retail store:-		
Staff costs	747,678	500,179
Mandatory provident fund contribution	34,072	18,164
Cost of goods sold	323,089	125,528
Pay what you wish program	54	36,691
Bank and services charges	17,918	8,062
Rent and utilities expenses	411,050	337,279
Insurance	2,721	890
Cleaning	18,915	11,749
Communication expenses	7,988	7,844
Delivery costs	28,931	42,007
Shop supplies costs	8,544	47,747
Depreciation on:-		
Furniture, fixtures and equipment	21,232	18,418
Leasehold improvement	12,462	117,306
INCOME LESS EXPENDITURE CARRIED FORWARD	11,212,994	13,557,251
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IMPACTHK LIMITED

同路舍有限公司

STATEMENT OF INCOME AND EXPENDITURE AND ACCUMULATED FUND**FOR THE YEAR ENDED 31st MARCH, 2022**

	2022	2021
	HK\$	HK\$
INCOME LESS EXPENDITURE BROUGHT FORWARD	11,212,994	13,557,251
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LESS : EXPENDITURE – cont'd		
Sporting center expenses:-		
Staff costs	2,883,335	917,334
Mandatory provident fund contribution	127,190	43,498
Rental and utilities expenses	452,722	271,249
Property agency fee	- - -	35,000
Insurance	2,555	242
Cleaning	25,948	34,286
Communication expenses	10,075	6,415
General supplies	35,571	- - -
Depreciation on:-		
Furniture, fixtures and equipment	14,785	4,928
Leasehold improvement	79,045	76,527
Cafe:-		
Staff costs	363,512	- - -
Mandatory provident fund contribution	16,896	- - -
Cost of goods sold	61,712	- - -
Bank and service charges	5,022	- - -
Insurance	2,204	- - -
Cleaning	55	- - -
Communication expenses	1,872	- - -
Delivery costs	972	- - -
Shop supplies	39,245	- - -
Depreciation on:-		
Furniture, fixtures and equipment	14,090	- - -
Other services:-		
Supplies to clients	5,167	20,887
IT related expenses	30,473	20,193
Transportation	5,132	33,765
Sundry expenses	12,850	19,905
INCOME LESS EXPENDITURE CARRIED FORWARD	7,022,566	12,073,022
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IMPACTHK LIMITED

同路舍有限公司

STATEMENT OF INCOME AND EXPENDITURE AND ACCUMULATED FUND**FOR THE YEAR ENDED 31st MARCH, 2022**

	2022	2021
	HK\$	HK\$
INCOME LESS EXPENDITURE BROUGHT FORWARD	7,022,566	12,073,022
LESS : EXPENDITURE – cont'd		
Administrative expenses:-		
Advertisement expenses	55,890	72,983
Audit fee	76,000	45,000
Bank and service charges	183,860	171,105
Exchange loss	- - -	5,319
Fundraising expenses	69,401	46,979
Insurance	63,486	19,981
Non-capital furniture and equipment	122,286	94,732
Mandatory provident fund contribution	93,996	45,732
Postage and courier	2,656	1,850
Property agency fee	- - -	28,000
Printing and stationery	51,518	45,900
Professional fee	268,838	120,850
Rent and utilities expenses	375,114	83,010
Repair and maintenance	36,582	31,817
Staff costs	2,196,457	1,191,272
Staff training and development	28,200	42,762
Cleaning	29,032	619
Sundry expenses	7,936	16,392
Transportation	20,560	28,480
Communication expenses	26,019	4,132
IT related expenses	40,768	31,228
Meeting and events	15,219	19,537
Bad debt expenses	9,050	- - -
Depreciation on:-		
Furniture, fixtures and equipment	6,658	- - -
Leasehold improvement	110,691	- - -
SURPLUS FOR THE YEAR	3,132,349	9,925,342
ACCUMULATED FUND AT THE BEGINNING OF THE YEAR	14,075,267	4,149,925
ACCUMULATED FUND AT THE END OF THE YEAR	17,207,616	14,075,267

The notes on pages 12 to 22 form part of these financial statements.

IMPACTHK LIMITED

同路舍有限公司


STATEMENT OF FINANCIAL POSITION

AS AT 31st MARCH, 2022

	Note	2022 HK\$	2021 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,103,773	157,762
CURRENT ASSETS			
Inventories	7	148,292	153,012
Deposits, prepayments and other receivables		1,080,037	993,977
Grant receivables		937,761	95,520
Cash and bank balances	8	16,322,551	16,924,555
		18,488,641	18,167,064
CURRENT LIABILITIES			
Accruals		(480,068)	(501,455)
Other creditors		(91,377)	(54,167)
Funds from The Kadoorie Charitable Foundation	9	- - -	(48,920)
Funds from The Hong Kong Club Foundation Limited	10	- - -	(20,724)
Funds from MWYO Limited	11	- - -	(44,375)
Funds from Sir Horace Kadoorie Int'l Foundation	12	(9,361)	(221,508)
Funds from The Swire Group Charitable Trust	13	(335,971)	(1,220,943)
Funds from The Hong Kong Jockey Club Charities Trust	14	(793,236)	- - -
Funds from LRC Charitable Foundation Limited	15	(60,000)	- - -
Funds from Ares SSG Capital Management (HK) Limited	16	- - -	(269,832)
Funds from United Way Worldwide	17	(36,404)	(436,800)
Funds from Sui Yun Christian Fund	18	- - -	(1,000,000)
Funds from Dr. Martens Foundation	19	(204,584)	- - -
Funds from other one-off projects		(373,797)	(430,835)
		(2,384,798)	(4,249,559)
NET CURRENT ASSETS		16,103,843	13,917,505
NET ASSETS		17,207,616	14,075,267
RESERVES			
Accumulated fund		17,207,616	14,075,267

Approved by:-


Goenka, Beet
Director


Appel, Terri Crystal-Gibbs
Director

The notes on pages 12 to 22 form part of these financial statements.

IMPACTHK LIMITED
同路舍有限公司

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st MARCH, 2022

	Note	2022 HK\$	2021 HK\$
Operating activities			
Surplus for the year		3,132,349	9,925,342
Adjustments for:-			
Depreciation charges		631,715	270,637
Interest income		(273)	(204)
Changes in operating assets and liabilities:-			
Decrease/(Increase) in inventories		4,720	(153,012)
(Increase)/Decrease in deposits, prepayments and other receivables		(86,060)	68,482
(Increase) in grant receivables		(842,241)	(95,520)
Increase in other creditors		37,210	54,167
(Decrease)/Increase in accruals		(21,387)	438,830
Cash generated from operating activities		2,856,033	10,508,722
Interest received		273	204
Net cash generated from operating activities		2,856,306	10,508,926
Investing activities			
Payment to acquire property, plant and equipment		(1,577,726)	(24,924)
Net cash (used in) investing activities		(1,577,726)	(24,924)
Financing activities			
Funds (used by) The Kadoorie Charitable Foundation		(48,920)	(123,772)
Funds (used by) Carolina Gutterres Memorial Fund		- - -	(302,480)
Funds (used by) Grosvenor Limited		- - -	(417,664)
Funds (used by) Vera Ruttonjee Desai Charitable Fund		- - -	(182,400)
Funds (used by) The Hong Kong Club Foundation Limited		(20,724)	(221,276)
Funds (used by)/from MWYO Limited		(44,375)	44,375
Funds (used by)/from Sir Horace Kadoorie Int'l Foundation		(212,147)	221,508
Funds (used by)/from The Swire Group Charitable Trust		(884,972)	1,220,943
Funds from The Hong Kong Jockey Club Charities Trust		793,236	- - -
Funds from LRC Charitable Foundation Limited		60,000	- - -
Funds (used by)/from Ares SSG Capital Management (HK) Limited		(269,832)	269,832
Funds (used by)/from United Way Worldwide		(400,396)	436,800
Funds (used by)/from Sui Yun Christian Fund		(1,000,000)	1,000,000
Funds from Dr. Martens Foundation		204,584	- - -
Funds (used by)/from other one-off projects		(57,038)	430,835
Net cash (used by)/generated from financing activities		(1,880,584)	2,376,701
Net (decrease)/increase in cash and cash equivalents		(602,004)	12,860,703
Cash and cash equivalents at the beginning of the year	8	16,924,555	4,063,852
Cash and cash equivalents at the end of the year	8	16,322,551	16,924,555

The notes on pages 12 to 22 form part of these financial statements.

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2022

(1) REPORTING ENTITY

ImpactHK Limited (the "Association") is a company incorporated and domiciled in Hong Kong and has its registered office at G/F, Cherry Mansion, 29 Oak Street, Tai Kok Tsui, Kowloon. The principal activity of the Association is to help the underprivileged people for the benefit of the Hong Kong Community.

The liability of the Association members is limited by guarantee and the amount to be contributed by each member in the event of winding up is limited to HK\$100.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention and presented in Hong Kong Dollars (HK\$).

(a) Cash and cash equivalents

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

(b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The 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.

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 Company 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 useful lives are used for the depreciation of property, plant and equipment:

Furniture, fixtures and equipment	- 5 years
Leasehold improvement	- over lease term

IMPACTHK LIMITED

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2022

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES - cont'd

(b) Property, plant and equipment – cont'd

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.

(c) Impairment of assets

At each reporting date, property, plant and equipment and intangible assets 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 surplus or deficit.

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 surplus or deficit.

(d) Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

(e) 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 assets to the Association. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Association 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 balance sheet 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 profits 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.

Rental payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant leases.

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefits thereof will flow to the Association and when the revenue can be measured reliably. Donations are recognised as revenue upon receipt or when there is reasonable assurance that the Association will comply with the conditions attaching with it and that the donations will be received.

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2022

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES - cont'd

(g) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (I) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
 - (ii) has control or joint control over the reporting entity; or
 - (iii) has significant influence over the reporting entity.
- (II) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) the entity and the reporting entity 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 entity.
 - (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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) the entity is controlled or jointly controlled by a person identified in (I).
 - (vii) a entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.
 - (viii) a person identified in (I)(ii) 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).

(3) KEY SOURCES OF ESTIMATION UNCERTAINTY

The Association's management makes assumptions, estimates and judgements in the process of applying the Association's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRS for Private Entities. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

There is no significant risk of key assumptions concerning the future and other key sources of estimation at the end of reporting period which will cause an adjustment to carrying amounts of assets and liabilities within the next financial year.

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(4) INCOME TAX EXPENSE

The Association is exempt under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution.

(5) DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383 of the Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the year is HK\$ Nil (2021 – HK\$ Nil).

(6) PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK\$	Leasehold improvement HK\$	Total HK\$
Cost			
At 1 st April, 2021	317,341	503,046	820,387
Additions	103,738	1,473,988	1,577,726
At 31 st March, 2022	421,079	1,977,034	2,398,113
Accumulated depreciation			
At 1 st April, 2021	172,041	490,584	662,625
Charges for the year	80,814	550,901	631,715
At 31 st March, 2022	252,855	1,041,485	1,294,340
Net carrying amount			
At 31 st March, 2022	168,224	935,549	1,103,773
At 31 st March, 2021	145,300	12,462	157,762

(7) INVENTORIES

Inventories comprise of merchandise and souvenirs.

(8) CASH AND CASH EQUIVALENTS

	2022 HK\$	2021 HK\$
Cash at bank and on hand	16,322,551	16,924,555
Cash and cash equivalents in the statement of financial position and statement of cash flows	16,322,551	16,924,555

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(9) FUNDS FROM THE KADOORIE CHARITABLE FOUNDATION

	2022	2021
	HK\$	HK\$
Balance brought forward	48,920	172,692
Fund disbursed during the year	- - -	150,314
Less: Expenses incurred	<u>(48,920)</u>	<u>(274,086)</u>
Balance carried forward	<u>- - -</u>	<u>48,920</u>

The Kadoorie Charitable Foundation ("the Foundation") entered into memorandum of understanding with the Association in respect of project for the establishment of a new day centre to expand work with the homeless in Hong Kong (the "Project") in 2019. During the year, the Foundation agreed to apply project surplus from the prior year to renovation cost of a sport and counselling centre set up by the Association. The entire sum of donation was used towards the direct costs of the Project.

(10) FUNDS FROM THE HONG KONG CLUB FOUNDATION LIMITED

	2022	2021
	HK\$	HK\$
Balance brought forward	20,724	242,000
Less: Expenses incurred	<u>(20,724)</u>	<u>(221,276)</u>
Balance carried forward	<u>- - -</u>	<u>20,724</u>

In the prior year, The Hong Kong Club Foundation Limited ("the Company") entered into an agreement with the Association in respect of the "We Care for Homeless Seniors" project ("the Project"). The entire sum of donation was used towards the direct costs of the Project.

(11) FUNDS FROM MWYO LIMITED

	2022	2021
	HK\$	HK\$
Balance brought forward	44,375	- - -
Less: Adjustment due to extension Expenses incurred	<u>- - -</u> <u>(132,375)</u>	<u>44,375</u> <u>- - -</u>
(Grant receivable)/Balance carried forward	<u>(88,000)</u>	<u>44,375</u>

MWYO Limited ("the Company") entered into an agreement with the Association in respect of the "Education for All" project ("the Project") in 2019 and amended the agreement with extension of Project period due to Covid-19 pandemic in the prior year and current year. The entire sum of donation was used towards the direct costs of the Project. The final payment of grant of \$88,000 was expected to be released subsequent to the reporting period.

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(12) FUNDS FROM SIR HORACE KADOORIE INTERNATIONAL FOUNDATION

	2022	2021
	HK\$	HK\$
(i) <u>Shelter and Food for 50 Homeless People and Medical Care for 100 Homeless</u>		
Balance brought forward	45,984	- - -
Fund disbursed during the year	83,650	1,881,986
Less: Expenses incurred	(129,846)	(1,836,002)
Add: Grant receivable	<u>212</u>	<u>- - -</u>
Balance carried forward	<u>- - -</u>	<u>45,984</u>

In the prior year, Sir Horace Kadoorie International Foundation ("the Foundation") entered into an agreement with the Association in respect of the "Shelter and Food for 50 Homeless People and Medical Care for 100 Homeless" project ("the Project"). Additional grant is expected to be released after the reporting period. Any unspent funds at the close of the Project will be returned to the Foundation.

	2022	2021
	HK\$	HK\$
(ii) <u>Housing for the Homeless</u>		
Balance brought forward	175,524	810,840
Fund disbursed during the year	494,772	- - -
Less: Expenses incurred	<u>(660,935)</u>	<u>(635,316)</u>
Balance carried forward	<u>9,361</u>	<u>175,524</u>

In the prior year, Sir Horace Kadoorie International Foundation ("the Foundation") entered into an agreement with the Association in respect of the "Housing for the Homeless" project ("the Project"). Additional grant is expected to be released after the reporting period. Any unspent funds at the close of the Project will be returned to the Foundation.

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(13) FUNDS FROM THE SWIRE GROUP CHARITABLE TRUST

	2022	2021
	HK\$	HK\$
Balance brought forward	1,220,943	- - -
Fund disbursed during the year	- - -	1,399,600
Less: Expenses incurred	<u>(884,972)</u>	<u>(178,657)</u>
Balance carried forward	<u><u>335,971</u></u>	<u><u>1,220,943</u></u>

In the prior year, Cannon Trustees Limited, in the capacity of The Swire Group Charitable Trust ("the Trust") entered into an agreement with the Association in respect of the "Community Centre for Homeless" project ("the Project"). Any unspent funds at the close of the Project will be returned to the Trust.

(14) FUNDS FROM THE HONG KONG JOCKEY CLUB CHARITABLE TRUST

	2022	2021
	HK\$	HK\$
(i) <u>Emergency Support – accommodation services</u>		
Fund disbursed during the year	500,000	- - -
Less: Expenses incurred	<u>(61,097)</u>	<u>- - -</u>
Balance carried forward	<u><u>438,903</u></u>	<u><u>- - -</u></u>

During the year, The Hong Kong Jockey Club Charitable Trust ("the Trust") entered into an agreement with the Association in respect of project for the emergency support to residents of accommodation services (the "Project"). Any unspent funds at the close of the Project will be returned to the Trust.

	2022	2021
	HK\$	HK\$
(ii) <u>Healthy and Active Lifestyle Programme</u>		
Fund disbursed during the year	1,133,000	- - -
Less: Expenses incurred	<u>(778,667)</u>	<u>- - -</u>
Balance carried forward	<u><u>354,333</u></u>	<u><u>- - -</u></u>

During the year, The Hong Kong Jockey Club Charitable Trust ("the Trust") entered into an agreement with the Association in respect of project for the Healthy and Active lifestyle Programme (the "Project"). Any unspent funds at the close of the Project will be returned to the Trust.

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(15) FUNDS FROM LRC CHARITABLE FOUNDATION LIMITED

	2022	2021
	HK\$	HK\$
Fund disbursed during the year	300,000	- - -
Less: Expenses incurred	<u>(240,000)</u>	<u>- - -</u>
Balance carried forward	<u>60,000</u>	<u>- - -</u>

During the year, LRC Charitable Foundation Limited ("the Company") entered into an agreement with the Association in respect of the Kind Kitchen Project (the "Project"). Any unspent funds at the close of the Project will be returned to the Company.

(16) FUNDS FROM ARES SSG CAPITAL MANAGEMENT (HK) LIMITED

	2022	2021
	HK\$	HK\$
Balance brought forward	269,832	- - -
Fund disbursed during the year	- - -	480,000
Less: Expenses incurred	<u>(268,832)</u>	<u>(210,168)</u>
Balance carried forward	<u>- - -</u>	<u>269,832</u>

In the prior year, Ares SSG Capital Management (HK) Limited ("the Company") entered into an agreement with the Association in respect of project for COVID-19 pandemic and the Community Service Program ("the Project"). The entire sum of donation was used towards the direct costs of the Project.

(17) FUNDS FROM UNITED WAY WORLDWIDE

	2022	2021
	HK\$	HK\$
Balance brought forward	436,800	- - -
Fund disbursed during the year	- - -	436,800
Less: Expenses incurred	<u>(400,396)</u>	<u>- - -</u>
Balance carried forward	<u>36,404</u>	<u>436,800</u>

In the prior year, United Way Worldwide ("the Grantor") entered into an agreement with the Association in respect of the "Covid-19 community response" project ("the Project"). Any unspent funds at the close of the Project will be returned to the Grantor.

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(18) FUNDS FROM SUI YUN CHRISTIAN FUND

	2022	2021
	HK\$	HK\$
Balance brought forward	1,000,000	- - -
Fund disbursed during the year	- - -	1,000,000
Less: Expenses incurred	<u>(1,000,000)</u>	<u>- - -</u>
Balance carried forward	<u>- - -</u>	<u>1,000,000</u>

In the prior year, Sui Yun Christian Fund ("the Fund") entered into an agreement with the Association in respect of project for the Emergency Shelter Programme ("the Project"). The entire sum of donation was used towards the direct costs of the Project.

(19) FUNDS FROM DR. MARTENS FOUNDATION

	2022	2021
	HK\$	HK\$
Grant receivable	<u>204,584</u>	<u>- - -</u>
Balance carried forward	<u>204,584</u>	<u>- - -</u>

During the year, Dr. Martens Foundation ("the Foundation") entered into an agreement with the Association in respect of the project for the Kindness Walk and Outreach Programme ("the Programme"). The entire sum of donation was used towards the direct costs of the Programme. Any unspent funds at the close of the Project will be returned to the Foundation.

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(20) INCOME FROM RESTRICTED FUNDS

	2022	2021
	HK\$	HK\$
The Kadoorie Charitable Foundation	48,920	274,086
Carolina Gutterres Memorial Fund	- - -	398,000
Grosvenor Limited	- - -	417,664
Vera Ruttonjee Desai Charitable Fund	9,600	182,400
The Hong Kong Club Foundation Limited	20,724	221,276
MWYO Limited	132,375	(44,375)
Sir Horace Kadoorie Int'l Foundation	790,780	2,471,318
The Swire Group Charitable Trust	884,972	178,657
The Hong Kong Jockey Club Charities Trust	839,764	- - -
LRC Charitable Foundation Limited	240,000	- - -
Ares SSG Capital Management (HK) Limited	269,832	210,168
Lee Hysan Foundation	- - -	348,000
UBS AG, Hong Kong Branch	- - -	675,000
Kerry Properties Limited	90,877	331,523
United Way Worldwide	400,396	- - -
Sui Yun Christian Fund	1,000,000	- - -
Yin Shin Leung Charitable Foundation	234,915	- - -
Si Yuan Foundation	161,458	265,042
Chellaram Foundation	874,910	- - -
MTR Corporation Limited	- - -	750,000
Permira Foundation	- - -	509,900
HKEX Foundation Limited	- - -	275,000
Other one-off projects	358,482	309,076
	<u>6,358,005</u>	<u>7,772,735</u>

(21) COMMITMENT UNDER OPERATING LEASES

The Association had the following future minimum lease payments payable under non-cancellable operating leases:

	2022	2021
	HK\$	HK\$
Land and buildings		
- Not later than one year	2,334,887	1,831,800
- Later than one year and not later than five years	1,690,540	2,241,027
	<u>4,025,427</u>	<u>4,072,827</u>

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(22) RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Association had the following material related party transactions during the year:-

	2022	2021
	HK\$	HK\$
Key management personnel's remuneration	955,579	912,232

(23) APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Association's board of directors on

