

**STEWARDS**  
(Incorporated in Hong Kong and limited by guarantee)  
**REPORTS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**STEWARDS**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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## STEWARDS DIRECTORS' REPORT

The directors have the pleasure in submitting their annual report together with the audited consolidated financial statements of Stewards ("the Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2023.

### **Principal activity**

The principal activities of the Company and of the Group during the year were the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities.

### **Results and state of affairs**

The results of the Group for the year ended 31 March 2023 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 10 to 37.

### **Business review**

#### Fair review of business

The Company was incorporated in 1962, with the mission to provide quality non-profit making social welfare, education and health care services for the benefit of the Hong Kong community and to promote evangelical Christian faith.

Regarding education services, Stewards Pooi Kei College ("SPKC" hereafter), the Secondary School under Direct Subsidy Scheme maintained stable enrollment of new students. The performance and operation of SPKC were on par with previous years. The total income for SPKC for the year ended 31 March 2023 decreased by 1.1% to HK\$100,218,760 (2022: HK\$101,381,990). SPKC showed a surplus of HK\$4,281,783 for the year ended 31 March 2023 (2022: surplus of HK\$11,413,950). The financial positions of the two kindergartens, namely, Stewards Pooi Chun Kindergarten ("PCK" hereafter) and Stewards Pooi Yan Kindergarten ("PYK" hereafter) remained steady. The income of both kindergartens dropped to HK\$11,964,933 for the year ended 31 March 2023 (2022: HK\$12,906,470), principally due to the decrease in student enrollment.

Regarding social welfare services, the subvention under the Lump Sum Grant from Social Welfare Department ("SWD" hereafter) increased by 1.4% to HK\$100,823,505 (2022: HK\$99,440,806).

Regarding health care services, the fee income of dental service and family medical service for the year ended 31 March 2023 was HK\$9,248,490 and HK\$17,611 (2022: HK\$6,876,747 and HK\$323,601) respectively. While the family medical clinic has suspended service since 1 April 2022, the operations of the dental service has resumed normal in the post-pandemic period.

#### Key financial performance indicators for major sectors

The directors considered the key measure of the performance for the education sector to be the school fee income per student (i.e. the subvention from Education Bureau and the school fee from parents divided by the number of students). The school fee income per student for the year was HK\$93,448 which was higher than \$92,351 in the previous year.

## STEWARDS DIRECTORS' REPORT

### **Business review (cont'd)**

#### Key financial performance indicators for major sectors (cont'd)

The directors considered the key measure of financial performance indicator for the social welfare sector to be the growth in total funding for the social service activities. In 2022/23, the total funding from government subvention and other fund raising activities decreased by a modest 0.3% to HK\$106,685,549 compared with HK\$106,962,024 in 2021/22.

#### Financial position

As at 31 March 2023, the Group had net assets of HK\$198,417,671 (2022: HK\$190,743,702), comprising non-current assets of HK\$17,007,325 (2022: HK\$17,114,304) and net current assets of HK\$181,410,346 (2022: HK\$173,629,397).

#### Liquidity

As at 31 March 2023, the Group had time deposits, bank balances and cash of HK\$191,860,682 (2022: HK\$186,306,475).

#### Lump sum grant reserve

The Group has different designated funds and reserves and the largest reserve is the Lump Sum Grant Reserve. As at 31 March 2023, the Lump Sum Grant Reserve (excluding provident funds) increased by 4.5% to HK\$30,685,672 (2022: HK\$29,369,469), equivalent to 29.6% (2022: 28.9%) of annual operating expenditure of subvented services. For the year ended 31 March 2023, the Lump Sum Grant subvention was mainly used to cover staff costs and operating costs for the subvented services according to the budget approved by the Board of Directors. In the coming years, the Lump Sum Grant Reserve will continue to be used for the payment of staff costs and operating costs in relation to the subvented services.

#### Principal risks and uncertainties

According to our in-house 5-year forecast of the Lump Sum Grant Reserve (from 2023/24 to 2027/28), the assessment showed that, in the medium term, the Lump Sum Grant Reserve will decline steadily due to the faster increase in staff cost than SWD subventions, although the rate of decline has moderated as compared to the assessment in the previous years. We shall continue to assess the operation environment, and undertake appropriate cost control measures to maintain the healthy financial position of the organization in the long term.

#### Environmental policies and performance and compliance with the relevant laws and regulations

The Group has adopted environmental policy such as requiring all the electrical appliances and lighting to be shut down when all the staff leave the office. Also all service units use recycled paper or print double sided as far as possible. Recycling bins are placed in service units where space allows to promote recycling. Further green initiatives will be considered where appropriate.

The Group complies with all the relevant laws/ordinance and regulations issued by Education Bureau, Social Welfare Department and Department of Health.



## STEWARDS DIRECTORS' REPORT

### **Business review (cont'd)**

#### Key relationships with employees, service users and government bodies

The Group regards its staff as the most important asset and resource of the Group. The Group offers internal vocational training activities and encourages its staff to attend external training courses to develop personal skills and other professional skills. During the year, the Group maintained cordial relationship with external stakeholders such as service users and government bodies. Service user liaison groups had been set up in individual service units as appropriate and regular liaison was maintained with the relevant service branches of SWD and EDB.

#### Likely future development

The Group constantly upkeep the infrastructure and the facilities of the service centres to meet community needs. Phases of renovation work will continue to take place in different service centres.

The Group considers information technology as an important approach to increase work efficiency and performance, and is vital to future service development. Cloud based services are being explored to provide a more versatile, efficient and secure working environment.

Supported by the Special Scheme on Privately Owned Sites for Welfare Uses under the Labour and Welfare Bureau, Stewards Headquarters is planned to be redeveloped into a welfare services complex to offer a wider range of services and meet the social needs in the neighbourhood. Commencement of new services in the redeveloped building is expected to be in 2027/28.

### **Fixed assets**

Movements in fixed assets during the year were set out in note 9 to the consolidated financial statements.

### **Directors**

The directors who held office during the year and up to the date of this report were as follows:

Mr. CHAN Kwok Keung  
Ms. CHAN Oi Yu  
Mr. CHAN Wing Kin  
Mr. CHIU Yu Lung (resigned on 2 December 2022)  
Mr. HUI Chi Keung Philip  
Mr. KWAN Chi Hong  
Mr. LAU Ying Pan  
Mr. LIANG Jun  
Ms. PANG Chau Sheung Rosa  
Mr. TANG Ping Kwong  
Mr. TSE Chun Fai

## STEWARDS DIRECTORS' REPORT

The directors of subsidiaries who held office during the year and up to the date of this report were as follows:

### Arm Services Company Limited

Mr. CHAN Kwok Keung  
Ms. CHAN Oi Yu  
Mr. HUI Chi Keung Philip  
Ms. PANG Chau Sheung Rosa  
Mr. TSE Chun Fai

### Stewards Peace Dental Clinic Limited

Mr. LAM Kin Sang  
Ms. LEE Ying Chee  
Ms. LEUNG Wing See Fiona

### Stewards Pooi Kei College Management Committee Limited

Ms. CHAN Oi Yu  
Ms. CHAN Suk Lan Renee (resigned on 15 March 2023)  
Mr. KOO Fong Ngai Benny (appointed on 16 March 2023)  
Mr. LAM Kin Sang Paul  
Mr. LEE Kin Fung William  
Ms. LIN Wai Hing Winnie  
Mr. LUI Ho Wing Samuel  
Mr. NGAI Shu Chiu  
Ms. PANG Chau Sheung Rosa  
Mr. TANG Yu Tin (resigned on 31 August 2022)  
Mr. TSE Chun Fai  
Mr. YUEN Peter (appointed on 16 March 2023)

In accordance with the Articles of Association of the Company, half of the directors, who have been serving longest since their last election for the time being, shall retire in the forthcoming annual general meeting; but shall be eligible, offer themselves for re-election.

### **Permitted indemnity provision**

At no time during the financial year and up to the date of this directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

### **Management contracts**

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

**STEWARDS  
DIRECTORS' REPORT**

**Directors' interests in contract**

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

**Directors' right to acquire shares or debentures**

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

**Auditor**

The consolidated financial statements have been audited by Fung, Yu & Co. CPA Limited, Certified Public Accountants (Practising), who now retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board



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Mr. LAU Ying Pan  
Director

Hong Kong: 21 SEP 2023



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
STEWARDS  
(incorporated in Hong Kong and limited by guarantee)**

*Opinion*

We have audited the consolidated financial statements of Stewards ("the Company") and its subsidiaries ("the Group") set out on pages 10 to 37, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 Consolidated Financial Statements and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises all the information included in the directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.





**Fung Yu**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
STEWARDS  
(incorporated in Hong Kong and limited by guarantee)**

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

The directors are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
STEWARDS  
(incorporated in Hong Kong and limited by guarantee)**

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)*

- 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 Group's internal control.
- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
STEWARDS  
(incorporated in Hong Kong and limited by guarantee)**

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.



**Fung, Yu & Co. CPA Limited**  
Certified Public Accountants (Practising)

**LAU Vui Cheong**  
Practising Certificate Number: P03455



Date: 21 SEP 2023



## Fung Yu

### STEWARDS

(Incorporated in Hong Kong and limited by guarantee)

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 HK\$	2022 HK\$
INCOME	4	259,178,086.48	248,129,978.35
LESS: EXPENDITURE			
- Staff costs		190,635,336.82	188,773,824.04
- Operating costs		51,955,857.68	42,736,832.42
- Property costs		8,013,403.00	7,795,745.50
		250,604,597.50	239,306,401.96
INCREASE IN FAIR VALUE OF INVESTMENT IN LISTED EQUITY SECURITIES		15,865.50	39,437.10
SURPLUS BEFORE TAXATION	5	8,589,354.48	8,863,013.49
TAXATION	7	-	-
SURPLUS FOR THE YEAR		8,589,354.48	8,863,013.49
OTHER COMPREHENSIVE LOSS FOR THE YEAR (page 12)		(189,201.36)	(375,893.63)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,400,153.12	8,487,119.86





## Fung Yu

### STEWARDS

(Incorporated in Hong Kong and limited by guarantee)

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 HK\$	2022 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, furniture and equipment	9 (a)	16,645,770.44	16,768,615.79
Investment in equity securities	10	361,554.10	345,688.60
		<u>17,007,324.54</u>	<u>17,114,304.39</u>
<b>CURRENT ASSETS</b>			
Inventories	11	204,739.08	178,543.76
Accounts receivable and sundry debtors		2,210,837.03	783,622.02
Deposits and prepayments		1,244,047.73	1,023,014.90
Time deposits		159,559,332.00	145,660,999.82
Bank balances and cash		32,301,349.83	40,645,475.03
		<u>195,520,305.67</u>	<u>188,291,655.53</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		11,081,724.86	10,838,141.89
Social welfare / Education Bureau surplus		1,979,888.34	2,606,597.14
Receipt in advance		1,048,346.11	1,217,519.24
		<u>14,109,959.31</u>	<u>14,662,258.27</u>
<b>NET CURRENT ASSETS</b>		<u>181,410,346.36</u>	<u>173,629,397.26</u>
<b>NET ASSETS</b>		<u>198,417,670.90</u>	<u>190,743,701.65</u>
<b>RESERVES</b>			
Accumulated fund	15	122,198,334.26	117,181,149.19
Designated funds	16	19,904,954.30	20,344,813.70
Flag day fund	17	3,540,624.90	3,186,463.79
Lump sum grant reserve	18	42,997,446.20	40,567,018.38
Block grant reserve	19	9,776,311.24	9,464,256.59
		<u>198,417,670.90</u>	<u>190,743,701.65</u>

Approved and authorized for issue by the board of directors on 21 SEP 2023

On behalf of the board:

Mr. LAU Ying Pan  
Director

Mr. CHAN Kwok Keung  
Director

**STEWARDS**  
(Incorporated in Hong Kong and limited by guarantee)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Accumulated fund HK\$	Designated funds HK\$	Flag day fund HK\$	Lump sum grant reserve HK\$	Block grant reserve HK\$	Total HK\$
At 31 March 2021	107,875,565.14	20,877,913.52	3,341,336.43	40,402,623.30	9,638,117.38	182,135,555.77
Surplus for the year ended 31 March 2022	8,863,013.49	-	-	-	-	8,863,013.49
Other comprehensive income / (loss) for the year	-	441,162.56	-	-	10.25	441,172.81
Income directly dealt with in the fund	-	(783,735.74)	(33,330.70)	-	-	(817,066.44)
Expenditure directly dealt with in the fund	-	(342,573.18)	(33,330.70)	-	10.25	(375,893.63)
Total comprehensive income for the year	8,863,013.49	(342,573.18)	(33,330.70)	-	10.25	8,487,119.86
Transfer to Education Bureau and Social Welfare	(1,592,390.19)	-	-	-	-	(1,592,390.19)
Department surplus account	1,779,274.21	-	-	(65,858.00)	-	1,713,416.21
Other transfers	255,686.54	(190,526.64)	(121,541.94)	230,253.08	(173,871.04)	-
Transfer between funds						
At 31 March 2022	117,181,149.19	20,344,813.70	3,186,463.79	40,567,018.38	9,464,256.59	190,743,701.65
Surplus for the year ended 31 March 2023	8,589,354.48	-	-	-	-	8,589,354.48
Other comprehensive income / (loss) for the year	-	243,992.85	-	-	-	243,992.85
Income directly dealt with in the fund	-	(389,166.21)	(44,028.00)	-	-	(433,194.21)
Expenditure directly dealt with in the fund	-	(145,173.36)	(44,028.00)	-	-	(189,201.36)
Total comprehensive income for the year	8,589,354.48	(145,173.36)	(44,028.00)	-	-	8,400,153.12
Transfer from Education Bureau and Social Welfare	(892,204.46)	-	-	2,242.87	-	(889,961.59)
Department surplus account	219,823.72	-	-	(56,046.00)	-	163,777.72
Other transfers	(2,899,788.67)	(294,686.04)	398,189.11	2,484,230.95	312,054.65	-
Transfer between funds						
At 31 March 2023	122,198,334.26	19,904,954.30	3,540,624.90	42,997,446.20	9,776,311.24	198,417,670.90



## Fung Yu

### STEWARDS

(Incorporated in Hong Kong and limited by guarantee)

### CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	2023 HK\$	2022 HK\$
<b>Cash flows from operating activities</b>		
Surplus before taxation	8,589,354.48	8,863,013.49
Income directly dealt with in reserve	243,992.85	441,172.81
Expenditure directly dealt with in reserve	(433,194.21)	(817,066.44)
Adjustments:		
Increase in fair value of investment in listed equity securities	(15,865.50)	(39,437.10)
Transfer to Education Bureau and Social Welfare Department surplus account	(889,961.59)	(1,592,390.19)
Other transfer	163,777.72	1,713,416.21
Loss on disposal of property, furniture and equipment	30,070.00	11,178.80
Depreciation	7,309,270.35	7,147,031.66
Interest income	(2,753,014.57)	(714,721.22)
	<u>12,244,429.53</u>	<u>15,012,198.02</u>
Operating cash flows before working capital changes		
(Increase) / decrease in inventories	(26,195.32)	28,897.59
(Increase) / decrease in accounts receivable and sundry debtors	(1,427,215.01)	213,967.24
(Increase) / decrease in deposits and prepayments	(221,032.83)	328,763.10
Increase / (decrease) in accounts payable and accrued expenses	243,582.97	(1,988,784.65)
(Decrease) / increase in Social Welfare Department/Education Bureau surplus account	(626,708.80)	841,673.24
Decrease in receipts in advance	(169,173.13)	(643,706.90)
	<u>10,017,687.41</u>	<u>13,793,007.64</u>
<b>Net cash generated from operating activities</b>	10,017,687.41	13,793,007.64
<b>Cash flows from investing activities</b>		
Interest received	2,753,014.57	714,721.22
Payment for acquisition of property, plant and equipment	(7,216,495.00)	(3,861,445.67)
	<u>(4,463,480.43)</u>	<u>(3,146,724.45)</u>
<b>Net cash used in investing activities</b>	(4,463,480.43)	(3,146,724.45)
<b>Net increase in cash and cash equivalents</b>	5,554,206.98	10,646,283.19
<b>Cash and cash equivalents at beginning of year</b>	186,306,474.85	175,660,191.66
<b>Cash and cash equivalents at end of year</b>	<u>191,860,681.83</u>	<u>186,306,474.85</u>
<b>Analysis of the balances of cash and cash equivalents</b>		
Time deposits	159,559,332.00	145,660,999.82
Bank balances and cash	32,301,349.83	40,645,475.03
	<u>191,860,681.83</u>	<u>186,306,474.85</u>





**STEWARDS**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**1. General information**

- (a) Stewards is a charitable organisation incorporated under the Companies Ordinance with liabilities of members limited by guarantee. Pursuant to the Memorandum of the Association, the liability of each member is limited to HK\$100. The address of registered office and principal place of operation of the Company is situated at 145 Hong Ning Road, Kwun Tong, Kowloon, Hong Kong.
- (b) The principal activities of the Company are the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities. The Company operated the following units during and at the end of the financial year:

**Central Administration**

Central Administration Office  
Accounting Support

**Clinics**

Peace Medical Centre

**Kindergartens**

Stewards Pooi Chun Kindergarten  
Stewards Pooi Yan Kindergarten

**Social services**

After School Care Services  
High Rock Christian Centre  
Youth Online - Stewards Integrated Service Centre for Young People  
School Social Work Services  
Sha Kok Youth & Children's Centre  
Sunnyway On Job Training for Young People  
Supervisory Support for Rehabilitation Service Units  
Supported Employment Programme  
Work Extension Programme  
Yiu On Commercially - Hired Vehicle  
Yiu On Halfway House  
Yiu On Integrated Rehabilitation Service Centre  
Yiu Tsuen Sheltered Workshop  
Visiting Medical Practitioner Scheme  
Crossland Adventure Centre  
Syner-bright Zone (Integrated Community Centre for Mental Wellness)  
Take Your Way Clubhouse (Integrated Community Centre for Mental Wellness)





## Fung Yu

### STEWARDS

(Incorporated in Hong Kong and limited by guarantee)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. **General information** (cont'd)

(c) Details of the Company's subsidiaries (entities controlled by the Company) at the date of the statement of financial position are as follows:-

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Principal activities</u>
Arm Services Company Limited	Hong Kong	Operate social enterprises engaging in providing car cleaning service, tuck shop business in schools and flower shop
Stewards Pooi Kei College Management Limited	Hong Kong	Provide secondary education to local students
Stewards Peace Dental Clinic Limited	Hong Kong	Provide dental services to the general public at comparative reduced rates

The above subsidiaries are companies limited by guarantee and not having a share capital. They were set up with no capital injection by the Company. They are accounted for as subsidiaries of the Company and 100% consolidated by the Company by virtue of control.

2. **Basis of preparation**

These financial statements have been prepared 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 the requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in listed equity securities are stated at fair values as set out in the accounting policies below.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.



**STEWARDS**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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3. **Significant accounting policies**

(a) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company.

Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. That presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity but it has:

- (a) power over more than half of the voting rights by virtue of an agreement with other investors;
- (b) power to govern the financial and operating policies of the entity under a statute or an agreement;
- (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
- (d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The consolidated financial statements included the financial statements of the Company and all its subsidiaries made up to 31 March each year. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only.

The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement and comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**3. Significant accounting policies (cont'd)**

**(b) Recognition of income**

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in surplus or deficit as follows:

- (i) Clinic fees income are recognised in the period when the services are rendered.
- (ii) School and programme fees are recognised upon completion of services.
- (iii) Revenue from sales of goods is recognised when the goods are delivered and the risks and rewards of ownership has passed to the customers.
- (iv) Service income and other service income are recognised when the services are rendered.
- (v) Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in surplus or deficit on a systematic basis in the same periods in which the expenses are incurred.
- (vi) Donations and gifts are recognised on a receipt basis.
- (vii) Interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

**(c) Investments in equity securities**

Investment in listed equity securities are stated at fair value with changes in fair value recognised in surplus or deficit. The fair value is determined based on the quoted price for an identical asset in an active market.

Investment in unlisted equity securities, whose fair value cannot be measured reliably without undue cost or effort, are stated at cost less impairment loss.



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**3. Significant accounting policies (cont'd)**

**(d) Property, furniture and equipment**

Property, furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, furniture and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the year in which it is incurred.

The gain or loss on disposal of an item of property, furniture and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in surplus or deficit.

Depreciation is provided to write off the cost of property, furniture and equipment over their estimated useful lives by using the straight line method at the following annual rates:

Furniture and fixtures	20% per annum
Leasehold improvements	20-50% per annum
Motor vehicles	20% per annum





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**FOR THE YEAR ENDED 31 MARCH 2023**

3. **Significant accounting policies (cont'd)**

(e) **Impairment of assets**

At each reporting date, property, furniture and equipment and investments in unlisted equity securities 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 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.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, 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 (selling price less costs to complete and sell, in the case of inventories), 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.

(f) **Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated using the first in, first out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(g) **Account and other receivables**

Receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment unless the effect of the discounting would be immaterial, in which case they are stated at cost, less impairment. An impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. An impairment loss is recognised immediately in surplus or deficit.



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3. **Significant accounting policies (cont'd)**

(h) **Account and other payables**

Payables are initially recognised at transaction price and are subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in such cases, they are stated at cost.

(i) **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the landlord are accounted for as operating leases. Rentals payable under operating leases are recognised as an expense on the straight-line basis over the lease terms.

(j) **Employee benefits**

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

(ii) Contributions to defined contribution retirement scheme, are recognised as an expense as incurred, except to the extent that they are included in the cost of intangible assets and inventories not yet recognised as an expense.

(iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawals.



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3. **Significant accounting policies (cont'd)**

(k) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) **Related parties**

A related party is a person or entity that is related to the Group.

- (i) A person or a close member of that person's family is related to the Group if that person:
- (a) has control or joint control over the Group;
  - (b) has significant influence over the Group; or
  - (c) is a member of the key management personnel of the Group or of a parent of the Group.
- (ii) An entity is related to the Group if any of the following conditions applies:
- (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (b) 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).
  - (c) Both entities are joint ventures of the same third party.
  - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (f) The entity is controlled or jointly controlled by a person identified in (i).
  - (g) A person identified in (i)(a) 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).
  - (h) The entity, or any member of a group of which it is a part, provides key management services to the Group or to the Group'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.





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4. **Income**

Income received during the year are as follows:

	2023 HK\$	2022 HK\$
<u>Revenue from contracts with customers</u>		
Fee income from medical services	9,266,101.50	7,200,348.46
Fee income from kindergartens and schools	26,986,089.63	27,069,431.59
Fee income from social services and central administration	16,022,054.78	12,839,780.30
Heritage's Office Development Bureau for maintenance scheme on building heritage in High Rock Centre	2,484,000.00	-
CIIF funding for project 您想關愛碩門村	896,453.96	-
Hong Kong Disneyland Fund for purchase of 水耕機	-	90,000.00
Woven Charitable Foundation for purchase of products needed under the Covid-19 pandemic	-	232,000.00
HSBC Foundation for purchase of products needed under the Covid-19 pandemic	-	40,000.00
Shih Wing Ching Foundation - Build & Wish Voluntary Team for emergency relief	17,500.00	-
Innovation and Technology Fund ("I & T Fund") for Procurement of Innovative Technology Products	970,591.00	-
Tuckshops	1,389,816.00	538,042.42
Flower shops	1,068,491.51	1,202,278.02
<u>Subvention from Social Welfare Department, Education Bureau and Community Chest</u>		
Subvention from Education Bureau	83,686,586.20	86,747,658.99
Subvention from Social Welfare Department ("SWD")	106,685,549.00	106,962,024.00
Subvention from Community Chest	1,749,984.10	1,996,128.00
Subvention from SWD for undertaking fire safety / building rectification measures for Yiu On Halfway House	(27,185.89)	-
Subvention from SWD for fitting-out works for sub-base of Integrated Community Centre for Mental Wellness ("ICCMW"), Take Your Way Clubhouse in Yiu Ping House, Ma On Shan	557,271.80	-
Subvention from SWD for fitting-out works for sub-base of Stewards Yiu On Integrated Vocational Rehabilitation Service Centre	237,700.00	37,800.00
Subvention from SWD for consultancy services and preparatory works for Stewards Peace Clinic Building under the special scheme on privately owned stes for welfare uses	1,545,900.00	-
Block grant subvention	1,548,000.00	1,558,000.00
Subvention from Quality Education Fund	-	(36,455.58)





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4. **Income** (cont'd)

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Community Care Fund for Pilot Scheme on Living Allowance for Low Income Carers of Persons with Disabilities	36,000.00	40,680.00
<u>Donations and gifts</u>		
Donation received	1,304,168.32	897,540.93
<u>Interest income</u>		
Bank interest received	2,753,014.57	714,721.22
	259,178,086.48	248,129,978.35

5. **Surplus before taxation**

Surplus before taxation is stated after charging, inter alia, the following:

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Auditor's remuneration	116,500.00	129,500.00
Depreciation	7,309,270.35	7,147,031.66
Loss on disposal of property, furniture and equipment	30,070.00	11,178.80
Operating lease charges - land and buildings	7,051,900.00	6,129,098.50
Staff costs	190,635,336.82	188,773,824.04

6. **Directors' remuneration**

Particulars of directors' remuneration for the year disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:-

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Fees	-	-
Other emoluments	-	-
Retirement benefits	-	-
Compensation for loss of office	-	-
	-	-
Key management personnel's remuneration	-	-

7. **Taxation**

No provision for Hong Kong profits tax has been made in the financial statements as the Group is exempted from Hong Kong Profits Tax under Section 88 of the Hong Kong Inland Revenue Ordinance.



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8. **Statement of financial position of the Company**

	Notes	2023 HK\$	2022 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, furniture and equipment	9 (b)	10,647,201.73	12,181,467.28
Investment in equity securities	10	361,554.10	345,688.60
		11,008,755.83	12,527,155.88
<b>CURRENT ASSETS</b>			
Inventories	11	111,281.00	88,248.00
Accounts receivable and sundry debtors		1,981,402.63	604,510.62
Amount due from a subsidiary	12	-	346,337.94
Deposits and prepayments		926,334.73	699,115.57
Time deposits		61,561,233.84	59,739,385.26
Bank balances and cash		15,509,422.39	15,940,519.22
		80,089,674.59	77,418,116.61
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		896,365.50	774,025.24
Amounts due to subsidiaries	13	2,330,254.45	2,590,485.30
Social welfare / Education Bureau surplus		1,979,888.34	2,606,597.14
Receipt in advance		952,428.11	1,177,749.24
		6,158,936.40	7,148,856.92
<b>NET CURRENT ASSETS</b>		<u>73,930,738.19</u>	<u>70,269,259.69</u>
<b>NET ASSETS</b>		<u>84,939,494.02</u>	<u>82,796,415.57</u>
<b>RESERVES</b>			
Accumulated fund	15	8,720,757.38	9,234,463.11
Designated funds	16	19,904,354.30	20,344,213.70
Flag day fund	17	3,540,624.90	3,186,463.79
Lump sum grant reserve	18	42,997,446.20	40,567,018.38
Block grant reserve	19	9,776,311.24	9,464,256.59
		<u>84,939,494.02</u>	<u>82,796,415.57</u>

Approved and authorized for issue by the board of directors on **21 SEP 2023**  
On behalf of the board:

Mr. LAU Ying Pan  
Director

Mr. CHAN Kwok Keung  
Director

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9. **Property, furniture and equipment**  
(a) The Group

<b>Cost</b>	Leasehold Land and buildings HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Motor vehicle HK\$	Total HK\$
At 1 April 2021	1.00	34,021,605.82	47,862,513.62	701,074.50	82,585,194.94
Additions	-	2,580,303.18	1,281,142.49	-	3,861,445.67
Disposals	-	(566,296.90)	-	-	(566,296.90)
At 31 March 2022	1.00	36,035,612.10	49,143,656.11	701,074.50	85,880,343.71
Additions	-	4,199,987.00	3,016,508.00	-	7,216,495.00
Disposals	-	(3,275,022.63)	(1,197,613.00)	-	(4,472,635.63)
At 31 March 2023	1.00	36,960,576.47	50,962,551.11	701,074.50	88,624,203.08
<b>Accumulated Depreciation</b>					
At 1 April 2021	-	26,260,426.73	35,558,313.13	701,074.50	62,519,814.36
Charge for the year	-	2,938,084.77	4,208,946.89	-	7,147,031.66
Disposals written back	-	(555,118.10)	-	-	(555,118.10)
At 31 March 2022	-	28,643,393.40	39,767,260.02	701,074.50	69,111,727.92
Charge for the year	-	3,184,638.76	4,124,631.59	-	7,309,270.35
Disposals written back	-	(3,244,952.63)	(1,197,613.00)	-	(4,442,565.63)
At 31 March 2023	-	28,583,079.53	42,694,278.61	701,074.50	71,978,432.64
<b>Net Book Value</b>					
At 31 March 2023	1.00	8,377,496.94	8,268,272.50	-	16,645,770.44
At 31 March 2022	1.00	7,392,218.70	9,376,396.09	-	16,768,615.79

The Group's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.

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9. **Property, furniture and equipment (cont'd)**  
(b) The Company

	Leasehold Land and buildings HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Motor vehicle HK\$	Total HK\$
<b>Cost</b>					
At 1 April 2021	1.00	11,541,865.66	29,537,546.90	701,074.50	41,780,488.06
Additions	-	1,891,473.40	1,073,400.00	-	2,964,873.40
Disposals	-	(407,046.00)	-	-	(407,046.00)
At 31 March 2022	1.00	13,026,293.06	30,610,946.90	701,074.50	44,338,315.46
Additions	-	1,671,351.00	1,358,650.00	-	3,030,001.00
Disposals	-	(910,813.30)	(1,197,613.00)	-	(2,108,426.30)
At 31 March 2023	1.00	13,786,830.76	30,771,983.90	701,074.50	45,259,890.16
<b>Accumulated Depreciation</b>					
At 1 April 2021	-	7,153,160.73	20,512,804.66	701,074.50	28,367,039.89
Charge for the year	-	1,292,208.12	2,897,374.17	-	4,189,582.29
Disposals written back	-	(399,774.00)	-	-	(399,774.00)
At 31 March 2022	-	8,045,594.85	23,410,178.83	701,074.50	32,156,848.18
Charge for the year	-	1,549,191.28	2,996,346.87	-	4,545,538.15
Disposals written back	-	(892,084.90)	(1,197,613.00)	-	(2,089,697.90)
At 31 March 2023	-	8,702,701.23	25,208,912.70	701,074.50	34,612,688.43
<b>Net Book Value</b>					
At 31 March 2023	1.00	5,084,129.53	5,563,071.20	-	10,647,201.73
At 31 March 2022	1.00	4,980,698.21	7,200,768.07	-	12,181,467.28

The Company's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.





## Fung Yu

### STEWARDS

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. **Investment in equity securities**

The investments in equity securities are held for long term purposes. At 31 March 2023, investments in equity securities comprise:

	The Group and the Company	
	2023	2022
	HK\$	HK\$
Listed equity securities carried at fair value	261,554.10	245,688.60
Unlisted equity securities carried at cost less impairment	<u>100,000.00</u>	<u>100,000.00</u>
	<u><u>361,554.10</u></u>	<u><u>345,688.60</u></u>

The fair value of the listed equity securities is based on quoted market prices.

11. **Inventories**

Inventories represent goods held for resale.

12. **Amount due from a subsidiary**

The amount is unsecured and interest free with no fixed repayment terms.

13. **Amounts due to subsidiaries**

Amounts are unsecured and interest free with no fixed repayment terms.



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### STEWARDS

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 14. Separate income and expenditure account for School-Based After-School Learning and Support Programmes

For the period from 1 April 2022 to 31 August 2022

	Programme ST2130 HK\$	Programme ST2131 HK\$	Total HK\$
Balance as at 1 April 2022	29,710.20	52,339.50	82,049.70
<b>Add: Income</b>			
Education Bureau's grant	-	-	-
School's subsidies / fee income	-	-	-
NGO subsidy	-	-	-
	-	-	-
<b>Less: Expenditure</b>			
Tutor fee	18,817.50	45,170.50	63,988.00
Function materials and printing charges	17,591.60	4,140.00	21,731.60
Programme coordination expense	(2,492.30)	8,262.60	5,770.30
Administration expenses	6,952.00	8,912.60	15,864.60
	40,868.80	66,485.70	107,354.50
Balance as at 31 August 2022	(11,158.60)	(14,146.20)	(25,304.80)

For the period from 1 August 2022 to 31 March 2023

	Programme ST2230 HK\$	Programme ST2231 HK\$	Total HK\$
<b>Income</b>			
Education Bureau's grant	70,004.00	50,347.00	120,351.00
School's subsidies/fee income	-	-	-
Interest	-	-	-
	70,004.00	50,347.00	120,351.00
<b>Less: Expenditure</b>			
Tutor fee	11,610.00	22,212.50	33,822.50
Programme coordination expense	2,450.00	8,211.40	10,661.40
	14,060.00	30,423.90	44,483.90
Balance as at 31 March 2023	55,944.00	19,923.10	75,867.10

The income and expenditure for the School-Based After-School Learning and Support Programmes for the year have been included in the consolidated statement of comprehensive income of the Group, the balance of HK\$75,867.10 for Programme ST2230 and ST2231 and the balance of HK\$52,693.80 for Programme ST1926 and ST1927 to be clawed back as at 31 March 2023 has been included in the receipts in advance as stated in the consolidated statement of financial position. The deficit balance of HK\$25,304.80 for Programme ST2130 and ST2131 was reimbursed in December 2022.

The above income and expenditure is prepared in accordance with the School-based After-school Learning and Support Programmes Grantee Agreement and the expenditure incurred by the Group is made in accordance with Grantee Agreement (particularly the Approved Budget).



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15. **Accumulated fund**

Accumulated fund attributable to services group are as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Central Administration Office	(8,394,906.11)	(9,465,458.66)
Clinics	9,696,857.12	8,614,759.24
Kindergarten	4,622,316.27	4,249,178.02
Schools	106,787,030.05	102,505,246.62
Social Services	9,487,036.93	11,277,423.97
	<u>122,198,334.26</u>	<u>117,181,149.19</u>

	<b>The Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Central Administration Office	(6,804,906.10)	(8,079,458.66)
Clinics	2,892,897.07	2,899,191.96
Kindergarten	4,622,316.27	4,249,178.02
Social Services	8,010,450.14	10,165,551.79
	<u>8,720,757.38</u>	<u>9,234,463.11</u>

Movements of the Company's accumulated fund during the year are set out as follows:

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance as at 1 April	9,234,463.11	11,648,529.70
Surplus / (deficit) for the year	3,058,463.68	(2,856,637.15)
Transfer from Education Bureau and Social Welfare		
Department surplus account	(892,204.46)	(1,592,390.19)
Other transfers	219,823.72	1,779,274.21
Transfer between funds	(2,899,788.67)	255,686.54
	<u>8,720,757.38</u>	<u>9,234,463.11</u>
Balance as at 31 March	<u>8,720,757.38</u>	<u>9,234,463.11</u>



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**16. Designated funds**

The designated funds are set up for the designated purpose and are used at the discretion of the Board of Directors of the Company. Their details are as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Education funds	3,161,522.77	3,105,037.30
Gang Yun Foundation	87,765.90	87,765.90
Maintenance / utilities fund	206,436.30	128,781.40
Membership fund	33,100.00	29,900.00
Ministry fund	256,077.98	293,725.98
Quarters fund	753,070.60	701,246.06
Hickson Fund	471,289.47	471,613.47
Anti-epidemic Fund	96,861.64	119,600.84
Reserve & development fund	11,210,842.76	11,202,106.69
Social service fund	1,080,975.58	1,080,975.58
Designated fund	1,035,846.58	1,299,072.80
Walk with hope development fund	486,300.02	698,790.02
Youth Mental Health subsidy scheme	576,056.29	677,389.25
Yiu Tsuen fund	48,805.70	48,805.70
Fund for Peace Medical Centre	86,782.96	86,782.96
Fund for Stewards Peace Dental Clinic Limited	600.00	600.00
Fund for High Rock Christian Centre	312,619.75	312,619.75
	<u>19,904,954.30</u>	<u>20,344,813.70</u>





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16. **Designated funds (cont'd)**

	<b>The Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Education funds	3,161,522.77	3,105,037.30
Gang Yun Foundation	87,765.90	87,765.90
Maintenance / utilities fund	206,436.30	128,781.40
Membership fund	33,100.00	29,900.00
Ministry fund	256,077.98	293,725.98
Quarters fund	753,070.60	701,246.06
Hickson Fund	471,289.47	471,613.47
Anti-epidemic Fund	96,861.64	119,600.84
Reserve & development fund	11,210,842.76	11,202,106.69
Social service fund	1,080,975.58	1,080,975.58
Designated fund	1,035,846.58	1,299,072.80
Walk with hope development fund	486,300.02	698,790.02
Youth Mental Health subsidy scheme	576,056.29	677,389.25
Yiu Tsuen fund	48,805.70	48,805.70
Fund for Peace Medical Centre	86,782.96	86,782.96
Fund for High Rock Christian Centre	312,619.75	312,619.75
	<u>19,904,354.30</u>	<u>20,344,213.70</u>

Movement of the Company's designated funds during the year are set out as follows:

	<b>The Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance as at April 1	20,344,213.70	20,877,313.52
Add: Income directly dealt with in the fund	243,992.85	441,162.56
Transfer to other funds	<u>(294,686.04)</u>	<u>(190,526.64)</u>
	20,293,520.51	21,127,949.44
Less: Expenditure directly dealt with in the fund	<u>(389,166.21)</u>	<u>(783,735.74)</u>
Balance as at March 31	<u>19,904,354.30</u>	<u>20,344,213.70</u>



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**17. Flag day fund**

	<b>The Group and the Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
<u>Designated Flag Day fund</u>		
Balance as at 1 April	3,118,257.43	3,239,799.37
Donations from flag day fund raising event held on 20 August 2022	1,050,034.68	513,156.30
	<u>4,168,292.11</u>	<u>3,752,955.67</u>
Flag Day expenses	(21,647.42)	(39,787.08)
	<u>4,146,644.69</u>	<u>3,713,168.59</u>
<u>Usage of fund from flag day held in 2008 to 2022</u>		
Youth programmes	(23,187.83)	(117,029.91)
Rehabilitation services	(29,820.83)	(48,163.15)
Youth menal health services	(126,662.54)	(429,718.10)
Recurrent expenses of central administration	(450,526.95)	-
	<u>(630,198.15)</u>	<u>(594,911.16)</u>
Balance as at 31 March	<u>3,516,446.54</u>	<u>3,118,257.43</u>
<u>General Flag Day Fund</u>		
Balance as at 1 April	68,206.36	101,537.06
Funds allocated to		
- Ma Ko Pan Memorial College	(24,908.00)	(24,830.70)
- Arm Services Company Limited	(19,120.00)	(8,500.00)
	<u>(44,028.00)</u>	<u>(33,330.70)</u>
Balance as at 31 March	<u>24,178.36</u>	<u>68,206.36</u>
Total balance of flag day as at 31 March	<u>3,540,624.90</u>	<u>3,186,463.79</u>

During the year ended 31 March 2023, the flag day fund usage of HK\$630,198.15 were used as disclosed above. The unused balance of HK\$3,516,446.54 will be carried forward and the purposes of usage are as follows:

- (a) \$2,068,479.39 will be used for i) rehabilitation service for mental health service; ii) strengthening children, youth, family and counseling service, iii) improving family relationship of retired/pre-retired men through a variety of activities, interest class, etc.
- (b) \$1,447,967.15 will be used for (i) subsidizing a variety of physical and mental health programme, including youth mental health service; (ii) strengthening personal psychological quality and family relationship for children, youth and family.

The net proceeds collected from the flag day held on 20 Aug 2022 is HK\$1,028,387.26. This amount is used for the purposes of (i) subsidizing a variety of physical and mental health programme, including youth mental health service; (ii) strengthening personal psychological quality and family relationship for children, youth and family; and (iii) supporting administrative fee.



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**18. Lump sum grant reserve**

	<b>The Group and the Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Income</b>		
Lump sum grant	100,823,505.00	99,440,806.00
Fee Income	2,267,816.20	1,548,188.50
Other Income	7,531,799.31	6,284,305.20
Interest Received	800,265.95	103,464.80
	<u>111,423,386.46</u>	<u>107,376,764.50</u>
<b>Expenditure</b>		
Personal Emoluments	91,448,867.20	91,403,168.44
Other Charges	17,490,288.31	15,755,309.94
	<u>108,939,155.51</u>	<u>107,158,478.38</u>
Surplus for the year transferred from accumulated fund	2,484,230.95	218,286.12
Balance at beginning of year	40,567,018.38	40,402,623.30
Adjustment for prior year as per letter dated 20 March 2023	2,242.87	-
Adjustment for cost apportionment per email dated 23 November 2020	-	11,966.96
Additional subvention received	30,871.00	44,707.00
Refund to Government	(86,917.00)	(110,565.00)
	<u>42,997,446.20</u>	<u>40,567,018.38</u>
Balance at end of year	<u>42,997,446.20</u>	<u>40,567,018.38</u>
The components of the reserve are as follows:		
Lump sum grant reserve (excluding provident fund)	30,685,671.74	29,369,469.46
Surplus of provident fund subvention	12,311,774.46	11,197,548.92
	<u>42,997,446.20</u>	<u>40,567,018.38</u>



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19. **Block grant reserve**

Movements of the block grant allocation from Social Welfare Department for property, furniture and equipment and minor works:

	<b>The Group and the Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance at beginning of year	9,464,256.59	9,638,117.38
Bank interest income	182,474.65	21,385.21
	<hr/>	<hr/>
Block grant received	9,646,731.24	9,659,502.59
Expenditure for renovation, furniture and equipment	1,548,000.00	1,558,000.00
	<hr/>	<hr/>
Transfer to / (from) accumulated fund and other funds	(1,418,420.00)	(1,753,246.00)
	<hr/>	<hr/>
Balance at end of year	<u>9,776,311.24</u>	<u>9,464,256.59</u>





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20. **Use of the Social Welfare Development Fund (SWDF)**

	<b>The Group and the Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
<u>Phase 3</u>		
Balance brought forward	(8,156.00)	(449.00)
Income		
Allocation from SWDF	30,000.00	180,126.00
Total income during the year	30,000.00	180,126.00
Expenditure under SWDF during the year:		
1. Expenditure for projects under scope A	17,100.00	187,833.00
Total expenditure during the year	17,100.00	187,833.00
Balance carried forward to the next financial year	4,744.00	(8,156.00)

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for Application, SWD's approval letter(s) and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

The above income and expenditure have been included in the consolidated statement of comprehensive income of the Group and the total surplus balance of \$4,744 as at 31 March 2023 has been included in Social Welfare / Education Bureau surplus as stated in the consolidated statement of financial position (2022: Deficit \$8,156).



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**21. Financial instruments**

The carrying amounts of each of the categories of financial instruments as at the date of the statement of financial position are as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
<u>Financial assets measured at fair value through other comprehensive income</u>		
Investment in listed equity securities	261,554.10	245,688.60
<u>Financial assets that are equity instruments measured at cost less impairment</u>		
Investment in unlisted equity securities	100,000.00	100,000.00
<u>Financial assets that are debt instruments measured at amortised cost</u>		
Accounts receivable and sundry debtors	2,210,837.03	783,622.02
Deposits	697,296.00	667,152.33
Time deposits	159,559,332.00	145,660,999.82
	162,467,465.03	147,111,774.17
<u>Financial liabilities measured at amortised cost</u>		
Accounts payable	960,497.10	1,172,079.80
Social welfare / Education Bureau surplus	1,979,888.34	2,606,597.14
	2,940,385.44	3,778,676.94



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**22. Operating lease commitments**

At 31 March 2023, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Within one year	5,267,552.00	5,361,152.00
In the second to fifth years inclusive	4,766,589.50	8,709,641.50
After five years	-	-
	<u>10,034,141.50</u>	<u>14,070,793.50</u>

**23. Financial commitments**

At 31 March 2023, the Group had financial commitments under contracted but not provided as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Commitments in respect of expenditure on consultancy services fee	<u>9,253,100.00</u>	<u>-</u>

- The End -