

THE HONG KONG DOWN SYNDROME ASSOCIATION
香港唐氏綜合症協會
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

REPORT OF THE COMMITTEE MEMBERS

The committee members have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2023.

Business review

The Hong Kong Down Syndrome Association (“the association”) was registered as a non-profit making organization in October 1987. The association is committed to serving individuals with Down Syndrome (“DS”), intellectual disabilities or other disabilities and their families through the provision of integrated family support and vocational rehabilitation services. The association believes that people with these disabilities should enjoy all basic human rights and equal opportunities in our society is upheld. Creation of a supportive and inclusive environment is thus very important.

Over the past year, we have finally seen the containment of the epidemic, and society has begun to embark on the path of recovery. However, the social situation continues to evolve, and social problems are becoming increasingly complex. Although the road after the pandemic remains challenging, the association has still been striving to provide quality and tailored services to improve the quality of life of our service users and facilitate their full personal growth in every aspect of their lives.

Confronting the challenges of an aging population and the needs of our service users, the association has centered its efforts around the themes of “Life Styles of Health and Sustainability” in this year. Through various funding support, the association has made great efforts to promote the physical and mental health of people with DS and other disabilities and their families in the past year. We are indebted to the Hong Kong Jockey Club Charities Trust for its generous donation to the operation cost of a three-year project ‘Jockey Club “DS POWER” Holistic Wellness Support Project for Ageing Persons with Down Syndrome and their families’ from 2022 to 2025. Moreover, the Tiptop Training Centre also places special emphasis on the needs of aging members. They receive more self-care trainings, cognitive trainings, and social leisure activities instead of work trainings. The center’s nurses and external occupational therapists maintain regular follow-ups on their health status and training needs, taking comprehensive care of their physical and mental health, enabling them to live a fulfilling life in their later years. Furthermore, over 1,100 sessions of sports-related programmes were organized under our integrated family support and vocational rehabilitation services. We continue to develop the sports potential of our members, including swimming, dancing, taekwondo, table tennis, lawn bowling, floor curling, etc.

During this prolonged difficult period, the integrated family support services of the association keep playing their roles on empowering the caregivers and strengthening the mutual care and support among family members. Understands the significant pressures faced by caregivers in their daily lives, we actively provide support to them, improving their quality of life and further tapping into their potential. Through training, we assist them in taking on roles such as “Care Ambassador”, “Live Host”, “Escort Volunteer”, and more. Moreover, with the dedicated assistance of a group of parents who have children with DS, we conducted nearly 270 interviews to gain insights into the physical health of these children. A leaflet on “Comprehensive Overview of the Growth and Health of People with Down Syndrome” was published by pooling everyone’s experiences. This useful resource can help parents remain vigilant regarding the unique health requirements of their children at various life stages, from infancy through their golden years.

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Business review (continued)

In the area of vocational rehabilitation services, the association keeps on providing a wide spectrum of services to match with the different levels of needs of our services users. Over the past year, the centres under integrated vocational rehabilitation service have actively developed artistic initiatives. By providing design and production training, trainees' creations were transformed into everyday items which are introduced to the market. This allows them to earn income while experiencing a sense of fulfillment and enables the public to recognise the diverse artistic talents of individuals with disabilities. Responding to the employment needs of individuals with DS, we launched the "Down Syndrome Employment Support Scheme (DSESS)" Facebook page during the year. We also conducted a questionnaire survey on the employment status and expectations of individuals with DS. The survey results will assist us in further enhancing employment training and support. Additionally, the association has collaborated with various companies to organise internship programmes, with partners including Upper House, Elephant Grounds, Ladies' Recreation Club, and many others. These programmes provide valuable work experiences for our members, helping them shine in the workplace in the future.

The association is committed to exploring different opportunities for service users to enhance their potential and build up their self-confidence. We extend our heartfelt appreciation to many remarkable companies and organisations that have joined hands with us. Their unwavering support has added vibrant new dimensions to the lives of our service users. For instances, our members with DS turned into models and showed off their unique beauty in the "Everyone is Beautiful Photo Exhibition 2023," hosted by Primo Management Limited; an inclusive mural painting activity with the theme "Embrace Health, Embrace Love" to bring warmth and inspiration to the Tiptop Training Center, with our long-term partner, the Rotary Club of Central District; an art workshop organised by "ExcellenTaste" a healthy food company, turning our members' artworks into bespoke stickers and eco-friendly tote bags, incorporating them as part of their merchandise, which were given as gifts to customers during the mooncake sales.

In terms of governance, the association has remained dedicated to implementing performance management. This includes a comprehensive review of service quality standards and enhancements to internal audit mechanisms to elevate service quality. Staff is our valuable resource to provide quality services. However, the social service sector has grappled with a high staff turnover rate in recent years, a challenge that has not spared our association. To maintain our competitiveness, attract and retain talent, and demonstrate appreciation for our colleagues, we have optimised our salary structure and salary adjustment mechanism, increased transparency, and provided a one-off hardship allowance for our employees. We have also placed a renewed focus on staff training and team building, including organising staff retreats and gatherings to promote open communication between management and employees. Through various human resource strategies, we aim to reduce turnover, stabilise our workforce, and deliver quality services to our service users.

During the year ended 31 March 2023, there were an increase of income in General Funds by 5.92% from HK\$20,852,847 to HK\$22,087,493 and increase of income in Designated Funds by 15.74% from HK\$8,020,708 to HK\$9,283,230 respectively as compared to those during the year ended 31 March 2022.

Looking forward, it is anticipated that there will still be many obstacles and uncertainties ahead but we will continue to uphold the mission of the association to improve the management and its performance, strengthen and develop our services for enhancing the quality of life of our service users. Filled with anticipation and hope for the future, we are committed to walking this journey together, strive to explore different opportunities and to accomplish unlimited possibilities.

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YEAR ENDED 31 MARCH 2023

Principal activities

The principal activities of the association are engaged in the provision of services, information and facilities for people with Down Syndrome and other disabilities and their families.

Financial statements

The results of the association for the year ended 31 March 2023 and the state of the association's affairs as at that date are set out in the financial statements on pages 8 to 28.

Committee members

The committee members of the association during the year and up to the date of this report were:

Chairperson	Chor Wai Hing	
Vice Chairperson	Lee Chi Chiu	
Honorary Secretary	Li Kin Yin	
Honorary Treasurer	Ma Yuk Kum	(effective on 1 February 2023)
	Lam Yuk Kit Angus	(resigned on 31 January 2023)
Chairperson of Parent Committee	Fung Mun Yee Vindy	
Vice Chairperson of Parent Committee	Lee Mei Po Mabel	
Committee members	Ng Wai Tong	
	Tsang Lan See Nancy	

In accordance with articles 48 and 49 of the association's Articles of Association, all the present committee members shall retire and, being eligible, offer themselves for re-election.

Committee members' interests in shares or debentures

At no time during the year was the association a party to any arrangement to enable the committee members of the association to acquire benefits by means of the acquisition of shares in or debentures of the association or any other body corporate.

Committee members' interests in transactions, arrangements or contracts

No contract of significance to which the association was a party, in which a committee member of the association had a material interest, subsisted at the end of the year or at any time during the year.

Indemnity of committee members

At no time during the year and at the time of approval of this report, there was or is no permitted indemnity provision in force for the benefit of any of the committee members of the association.

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Auditor

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

By order of the committee



Chor Wai Hing
Director

31 October 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HONG KONG DOWN SYNDROME ASSOCIATION**

香港唐氏綜合症協會
(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of The Hong Kong Down Syndrome Association ("the association") set out on pages 8 to 28, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in reserves and funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- (i) the financial statements give a true and fair view of the financial position of the association as at 31 March 2023, and of its financial performance and 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 Companies Ordinance; and
- (ii) the association has complied with the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Programme(s).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 committee members are responsible for the other information. The other information comprises the information included in the report of the committee members, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HONG KONG DOWN SYNDROME ASSOCIATION**
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Responsibilities of Committee Members and Those Charged with Governance for the Financial Statements

The committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Companies Ordinance, and for such internal control as the committee members 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 committee members 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 committee members 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 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 HKSAAs 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 HKSAAs, 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 committee members.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HONG KONG DOWN SYNDROME ASSOCIATION**
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the committee members' 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.



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

31 October 2023

THE HONG KONG DOWN SYNDROME ASSOCIATION
香港唐氏綜合症協會
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 HK\$	2022 HK\$
GENERAL FUNDS			
Income	3	22,087,493	20,852,847
Expenditure	4	(20,418,818)	(20,325,636)
Surplus for the year		<u>1,668,675</u>	<u>527,211</u>
DESIGNATED FUNDS			
Income	5	9,283,230	8,020,708
Expenditure	6	(7,105,566)	(8,339,928)
Surplus/(deficit) for the year		<u>2,177,664</u>	<u>(319,220)</u>
Net surplus before tax	7	3,846,339	207,991
Income tax expense	9	<u>--</u>	<u>--</u>
Net surplus for the year		3,846,339	207,991
Other comprehensive surplus for the year		<u>--</u>	<u>--</u>
Total comprehensive surplus for the year		<u><u>3,846,339</u></u>	<u><u>207,991</u></u>

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

THE HONG KONG DOWN SYNDROME ASSOCIATION
香港唐氏綜合症協會
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023


STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

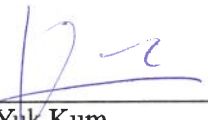
	Note	2023 HK\$	2023 HK\$	2022 HK\$
Non-current assets				
Property, plant and equipment	10		--	481,624

Current assets				
Accounts and other receivables	11	843,241		1,076,561
Cash and cash equivalents	12	<u>20,319,816</u>		<u>16,108,666</u>
		21,163,057		17,185,227
		-----		-----
Current liabilities				
Other payables	13	(169,573)		(332,681)
		-----		-----
Net current assets			20,993,484	16,852,546

Non-current liabilities				
Provision for annual leave entitlement		(280,000)		(280,000)
Provision for long service payment	14	(<u>150,000</u>)		(<u>150,000</u>)
			(430,000)	(430,000)
			-----	-----
Net assets			<u>20,563,484</u>	<u>16,904,170</u>
Reserves and funds				
General funds			5,228,667	3,930,965
Designated funds			7,116,476	4,838,384
Social welfare subvention surpluses account			6,030,048	6,060,418
Lump sum grant P.F. surplus reserve			<u>2,188,293</u>	<u>2,074,403</u>
Total reserves and funds			<u>20,563,484</u>	<u>16,904,170</u>

Approved on behalf of the committee members by:


 Chor Wai Hing
 Chairperson


 Ma Yuk Kum
 Honorary Treasurer

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

THE HONG KONG DOWN SYNDROME ASSOCIATION
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH 2023

	General funds HK\$	Designated funds HK\$	Social welfare subvention surpluses account HK\$	Lump sum grant P.F. surplus reserve HK\$	Total HK\$
At 1 April 2021	3,077,866	5,354,548	6,197,721	2,112,024	16,742,159
Total comprehensive surplus/ (deficit) for the year	527,211	(319,220)	--	--	207,991
Transfer to social welfare subvention surpluses account and lump sum grant P.F. reserve from general funds	161,193	--	(123,170)	(38,023)	--
Adjustment of overstated expense claim in last year	--	--	22,060	--	22,060
Transfer to general funds from designated funds	164,695	(164,695)	--	--	--
Refunded (to)/from the government	--	(32,249)	(36,193)	402	(68,040)
At 31 March 2022	<u>3,930,965</u>	<u>4,838,384</u>	<u>6,060,418</u>	<u>2,074,403</u>	<u>16,904,170</u>
At 1 April 2022	3,930,965	4,838,384	6,060,418	2,074,403	16,904,170
Total comprehensive surplus for the year	1,356,497	2,177,664	219,586	92,592	3,846,339
Adjustments as advised by Social Welfare Department	(49,655)	49,649	(20,911)	20,896	(21)
Refunded (to)/from the government	(172)	(130,800)	(56,434)	402	(187,004)
Transfers among reserves and funds	(8,968)	181,579	(172,611)	--	--
At 31 March 2023	<u>5,228,667</u>	<u>7,116,476</u>	<u>6,030,048</u>	<u>2,188,293</u>	<u>20,563,484</u>

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

THE HONG KONG DOWN SYNDROME ASSOCIATION
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 HK\$	2022 HK\$
Operating activities			
Net surplus before tax		3,846,339	207,991
Adjustments for:			
Depreciation		481,624	2,264,101
Bank interest income		(166,923)	(53,936)
Operating surplus before changes in working capital		4,161,040	2,418,156
Decrease/(increase) in accounts and other receivables		233,320	(400,062)
Decrease in other payables		(163,129)	(152,547)
Net cash generated from operating activities		4,231,231	1,865,547
		-----	-----
Investing activities			
Bank interest received		166,923	53,936
Receipts from decrease in short-term bank deposit		--	1,571,943
Net cash generated from investing activities		166,923	1,625,879
		-----	-----
Financing activities			
Net refunded to the government		(187,004)	(68,040)
Net cash used in financing activities		(187,004)	(68,040)
		-----	-----
Net increase in cash and cash equivalents		4,211,150	3,423,386
Cash and cash equivalents at the beginning of the year		16,108,666	12,685,280
Cash and cash equivalents at the end of the year	12	<u>20,319,816</u>	<u>16,108,666</u>

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

THE HONG KONG DOWN SYNDROME ASSOCIATION
香港唐氏綜合症協會
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS

1. General status

The Hong Kong Down Syndrome Association (“the association”) is incorporated and domiciled in Hong Kong and has its registered office and principal place of operation at Rooftop, On Hing House, Hing Wah (2) Estate, Chai Wan, Hong Kong. The principal activities of the association are engaged in the provision of services, information and facilities for people with Down Syndrome and other disabilities and their families.

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

2. Significant 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 Companies Ordinance. They have been prepared under the historical cost convention.

(a) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the association and when the revenue can be measured reliably, on the following bases:

- (i) Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with;
- (ii) Donation income is recognised when the right to receive is established;
- (iii) Subvention income and program income are recognised when the corresponding activities are held;
- (iv) Revenue from sales of goods is recognised when goods are delivered and title to the goods has been passed to customers;
- (v) Service income is recognised when the related services are rendered; and
- (vi) Interest income is recognised on a time apportioned basis on the principal outstanding and the interest applicable.

THE HONG KONG DOWN SYNDROME ASSOCIATION
香港唐氏綜合症協會
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Significant accounting policies (continued)

(b) Property, plant and equipment

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

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

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

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

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 association will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Computer equipment	33 $\frac{1}{3}$ %
Furniture and fixtures	33 $\frac{1}{3}$ %
Leasehold improvements	33 $\frac{1}{3}$ %
Office equipment	33 $\frac{1}{3}$ %

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) Account and other receivables

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

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Significant accounting policies (continued)

(d) Other payables

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

(e) Cash and cash equivalents

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

(f) Employee benefit obligations

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

(g) Impairment of non-financial assets, other than inventories

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

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

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the 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 statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

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

THE HONG KONG DOWN SYNDROME ASSOCIATION
香港唐氏綜合症協會
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Significant accounting policies (continued)

(i) Designated funds

The designated funds consist of those resources which are designated by donors or approved by the committee as to the purposes for which they may be expected.

(j) Taxation

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

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

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

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

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

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2. Significant accounting policies (continued)

(k) Related parties

(I) A person or a close member of that person's family is related to the association if that person:

- (i) has control or joint control over the association;
- (ii) has significant influence over the association; or
- (iii) is a member of the key management personnel of the association or the association's parent.

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

- (i) The entity and the association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the association or an entity related to the association. If the association is itself such a plan, the sponsoring employers are also related to the association.
- (vi) The entity is controlled or jointly controlled by a person identified in (I).
- (vii) A person identified in note (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of an association of which it is a part, provides key management personnel services to the association or to the association'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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3. Income - General Funds

	2023 HK\$	2022 HK\$
Allocation from the Community Chest	67,900	67,900
Bank interest income	166,121	53,936
General donations	1,884,208	1,309,411
Insurance compensation income	112,133	21,264
Membership fee income	11,762	12,737
Program income		
- funded by the Community Chest	14,110	11,925
- others	267,671	99,178
Refund from MPF contributions	127,485	91,567
Social Welfare Department ("SWD") subventions		
- Lump sum grant (excluding provident fund)	17,511,505	17,328,174
- provident fund	906,204	898,314
- rent and rates	780,882	747,881
- COVID-19 special grant	--	12,000
Sundry income	237,512	198,560
	<u>22,087,493</u>	<u>20,852,847</u>

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4. Expenditure - General Funds

	2023 HK\$	2022 HK\$
Advertisement	58,457	40,359
Auditor's remuneration	55,560	41,460
Bank charges	29,846	32,427
Broadband connection	26,070	25,800
Car inspection fee	10,200	--
Car license fee	114	114
Car park rental charges	41,560	39,720
Computer expenses	271,531	256,093
Conference expenses	7,147	5,120
Depreciation	304,774	382,844
Electrical appliance	27,150	4,976
Electricity and water	221,888	216,350
Financial incentive scheme for mentors of employees with disabilities	--	5,000
Fuel expenses	4,880	7,564
Insurance	408,428	265,505
Long service payment	82,822	111,757
Meeting	--	260
Minor furniture and fixtures	96,352	6,360
Minor leasehold improvements	17,500	--
Minor office equipment	71,416	35,099
MPF and provident fund contributions	821,292	966,354
Newspaper and periodicals	2,879	2,765
Office supplies and cleaning	101,811	98,991
Postage	12,599	15,395
Printing and stationery	108,821	105,857
Professional fee	--	3,800
Program expenses		
- activities	600,419	293,642
- DS news	10,534	8,438
- food for service users	2,615	6,450
- funded by the Community Chest	76,886	61,095
- job attachment allowance	25,500	72,000
- job trial allowance	69,735	130,276
- occupational therapy services	96,000	109,500
- resource & toy library	287	381
- trainee incentive allowances	549,308	573,198
Promotion and advertising	--	35,029
Rent and rates	929,672	832,270
Repairs and maintenance	236,306	130,323
Salaries and allowances	14,823,726	15,134,404
Souvenirs	--	382
Subscription fee	6,553	3,047
Sundry expenses	152,777	198,170
Telephone and fax	28,801	29,569
Travelling and entertainment	26,602	37,492
	<u>20,418,818</u>	<u>20,325,636</u>

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5. Income - Designated Funds

	2023 HK\$	2022 HK\$
Bank interest income	802	--
Flag day donation income	697,863	--
Government employment subsidy income	96,000	--
Insurance compensation income	--	10,300
Membership fee income	18,860	5,070
Other subventions income	290,757	301,753
Programme income		
- funded by the Community Chest	10,270	--
- others	366,370	330,122
Refund from MPF contributions	--	25,847
Sales income	1,791,901	1,564,036
Scout team income	--	3,120
Specific donations	3,560	422,384
Subsidies from Community Care Fund	738,360	922,080
Subsidies from Hong Kong Jockey Club	4,746,336	3,346,101
Subsidy from Queen Elizabeth Foundation for the Mentally Handicapped - oral hygiene program	--	57,350
Sundry income	4,751	1,281
SWD other subventions		
- Anti-epidemic Fund Project: Time-limited posts for elderly and rehabilitation services	196,200	196,200
- Anti-virus coating spray in residential care homes for persons with disabilities against COVID-19	--	21,312
- Innovation and Technology Fund: iSocial 16 system	--	306,552
- Lotteries Fund - Block Grant	283,000	285,000
- One-off special grant for parents associations attached to subvented non-governmental organisations for persons with disabilities and carers	25,000	25,000
- Provision of Wi-fi services	13,200	13,200
- Social Welfare Development Fund: Phase 3	--	44,000
- Special grant to step up preventive measures against the spread of COVID-19	--	140,000
	<u>9,283,230</u>	<u>8,020,708</u>

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6. Expenditure - Designated Funds

	2023 HK\$	2022 HK\$
Advertisement	33,476	3,664
Auditor's remuneration	23,040	--
Bank charges	963	731
Broadband connection	18,066	17,867
Car inspection fee	--	700
Car park expenses	1,140	2,805
Car tunnel fee	700	2,400
Computer expenses	46,731	178,715
Conference expenses	3,156	--
Consultancy fee	183,303	133,710
Consumable materials	23,444	9,231
Depreciation	176,850	1,881,257
Electrical appliance	10,510	428,043
Electricity and water	28,590	22,580
Insurance	79,141	58,789
Meeting	--	77
Minor furniture and fixtures	20,580	29,735
Minor leasehold improvements	--	133,000
Minor office equipment	35,308	39,680
MPF and provident fund contributions	195,884	164,452
Office supplies and cleaning	126,433	33,437
Postage	44,773	25,100
Printing and stationery	65,586	47,787
Professional fee	39,292	--
Program expenses		
- activities	1,991,524	1,107,199
- food for service users	218	420
- funded by the Community Chest	1,575	--
- trainee incentive allowances	220,102	326,519
- training program materials	7,200	3,439
Rent and rates	179,485	187,593
Repairs and maintenance	34,278	78,841
Salaries and allowances	3,398,440	3,366,306
Subscription fee	4,350	600
Sundry expenses	39,050	23,804
Telephone and fax	16,178	15,711
Travelling and entertainment	56,200	15,736
	<u>7,105,566</u>	<u>8,339,928</u>

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7. Net surplus before tax

Net surplus before tax is arrived at after charging:

	2023 HK\$	2022 HK\$
(a) Staff costs:		
Contributions to defined contribution plan	1,017,176	1,130,806
Salaries and other staff costs	<u>18,787,211</u>	<u>18,795,651</u>
	<u>19,804,387</u>	<u>19,926,457</u>
(b) Other items:		
Auditor's remuneration	78,600	41,460
Depreciation	<u>481,624</u>	<u>2,264,101</u>

8. Committee members' remuneration

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

	2023 HK\$	2022 HK\$
Fees	--	--
Contributions to defined contribution plan	--	--
Other emoluments	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

9. Income tax expense

- (a) No provision for Hong Kong Profits Tax has been made as the association is exempted from tax under section 88 of the Inland Revenue Ordinance for the year (2022: Nil).
- (b) No provision for deferred tax has been made for the year as the association does not have material temporary differences as at 31 March 2023 (2022: Nil).
- (c) Reconciliation between tax expense and accounting surplus at applicable tax rates:

	2023 HK\$	2022 HK\$
Net surplus before tax	<u>3,846,339</u>	<u>207,991</u>
Notional tax on net surplus before tax, calculated at the rates applicable to profits in Hong Kong i.e. 16.5% (2022: 16.5%)	634,646	34,319
Tax effect of non-taxable revenue	(5,176,169)	(4,745,782)
Tax effect of non-deductible expenses	<u>4,541,523</u>	<u>4,711,463</u>
	<u>--</u>	<u>--</u>

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10. Property, plant and equipment

	Computer equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Office equipment HK\$	Total HK\$
Cost:					
At 1 April 2021 and at 31 March 2022	1,353,871	261,562	5,208,678	178,072	7,002,183
Accumulated depreciation:					
At 1 April 2021	645,062	166,384	3,266,940	178,072	4,256,458
Charge for the year	451,290	76,585	1,736,226	--	2,264,101
At 31 March 2022	1,096,352	242,969	5,003,166	178,072	6,520,559
Net book value:					
At 31 March 2022	257,519	18,593	205,512	--	481,624
Cost:					
At 1 April 2022 and at 31 March 2023	1,353,871	261,562	5,208,678	178,072	7,002,183
Accumulated depreciation:					
At 1 April 2022	1,096,352	242,969	5,003,166	178,072	6,520,559
Charge for the year	257,519	18,593	205,512	--	481,624
At 31 March 2023	1,353,871	261,562	5,208,678	178,072	7,002,183
Net book value:					
At 31 March 2023	--	--	--	--	--

11. Accounts and other receivables

	2023 HK\$	2022 HK\$
Account receivables	469,791	340,966
Prepayments, deposits and other receivables	373,450	735,595
	843,241	1,076,561

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12. Cash and cash equivalents

	2023 HK\$	2022 HK\$
Cash and cash equivalents in the statement of financial position and in the statement of cash flows	<u>20,319,816</u>	<u>16,108,666</u>

13. Other payables

	2023 HK\$	2022 HK\$
Accruals	132,055	93,179
Receipts in advance	37,497	239,502
Other payables	<u>21</u>	<u>--</u>
	<u>169,573</u>	<u>332,681</u>

14. Provision for long service payment

	2023 HK\$	2022 HK\$
At the beginning of the reporting period	150,000	150,000
Provision during the year	<u>82,822</u>	<u>111,757</u>
	232,822	261,757
Payment made during the year	(<u>82,822</u>)	(<u>111,757</u>)
At the end of the reporting period	<u>150,000</u>	<u>150,000</u>

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

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15. Community Care Fund

During the year, the association has implemented Community Care Fund (“CCF”) assistance programme. According to the requirement of CCF, the association is required to disclose the income and expenditure for the programme in its financial statements.

	2023 HK\$	2022 HK\$	2021 HK\$
Balance brought forward	1,021,162	699,582	604,145
Income			
Subsidy from Community Care Fund	738,360	922,080	939,240
Other income	--	(6,047)	6,047
	738,360	916,033	945,287
Expenditure			
Advertising for recruitment	(4,771)	(3,664)	(1,363)
Employer's MPF contributions	(32,992)	(26,950)	(39,292)
Insurance	(7,688)	(745)	(8,663)
Salaries	(594,349)	(563,094)	(800,532)
	(639,800)	(594,453)	(849,850)
Surplus for the year	98,560	321,580	95,437
Balance carried forward	1,119,722	1,021,162	699,582

16. One Off Grant - Special grants for parents associations attached to subvented non-governmental organisations for persons with disabilities and carers (2021-2023)

	2023 HK\$	2022 HK\$
Balance brought forward	8,651	(638)
Grant received during the year	25,000	25,000
Program income received	4,240	2,020
	29,240	27,020
Program expenditure during the year	(38,536)	(17,731)
(Deficit)/surplus for the year	(9,296)	9,289
Balance carried forward	(645)	8,651

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17. Lotteries Fund - Block Grant

	2023 HK\$	2022 HK\$
Balance brought forward	363,600	297,120
	-----	-----
Grants received during the year	283,000	285,000
Interest income received	802	1
	-----	-----
	283,802	285,001
	-----	-----
Expenditure during the year		
Depreciation for computer equipment	-- (59,562)	
Depreciation for furniture and equipment	-- (5,426)	
Depreciation for leasehold improvements	-- (62,533)	
Furniture and equipment	(30,440) --	
Leasehold improvements	-- (91,000)	
	-----	-----
	(30,440) (218,521)	
	-----	-----
Surplus for the year	253,362	66,480
	-----	-----
Balance carried forward	616,962	363,600
	=====	=====

18. Social Welfare Development Fund - Phase 3

	2023 HK\$	2022 HK\$
Balance brought forward	330,939	396,194
	-----	-----
Adjustment as agreed with SWD	49,644	--
	-----	-----
Grants received during the year	--	44,000
	-----	-----
Expenditure during the year		
Depreciation for computer equipment	(22,435) (77,933)	
Scope A - Training and professional development	-- (31,323)	
	-----	-----
	(22,435) (109,255)	
	-----	-----
Deficit for the year	(22,435) (65,255)	
	-----	-----
Balance carried forward	358,148	330,939
	=====	=====

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19. Net proceeds from Flag Day fund raising activities

During the year ended 31 March 2023, the association held Flag Day fund raising activities in public places of New Territories region on 11 February 2023.

(a) Covered by Public Subscription Permit No.: FD/R033/2022

	HK\$
Income	
Donations from flag bags	697,863

Expenditure	
Bank charges	(717)
Flag stickers	(13,000)
Flag bag management system service fee	(5,400)
Flag bag straps	(11,400)
Insurance	(2,192)
Practitioner's remuneration	(3,600)
Printing and stationery	(2,405)
Promotion and advertising	(10,518)
Sundry expenses	(2,270)
Transportation	(1,506)
	(53,008)

Excess of income over expenditure	<u>644,855</u>

(b) Usage of the Flag Day donations

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

	Percentage of net proceeds %	Total used amounts HK\$	Total unused amounts HK\$
Net proceeds from Flag Day			644,855
Proposed uses			
To subsidise self-financed services	--	--	--
Central administrative support	--	--	--
		-----	-----
Net proceeds carried forward			<u>644,855</u>

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20. Capital commitments

Capital commitments outstanding at 31 March 2023 not provided for in the financial statements were as follows:

	2023 HK\$	2022 HK\$
Contracted for	<u>26,775</u>	<u>26,775</u>

21. Commitments under operating leases

The association had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

	2023 HK\$	2022 HK\$
Not later than one year	279,284	60,000
Later than one year	<u>--</u>	<u>20,000</u>
	<u>279,284</u>	<u>80,000</u>

22. Material related party transactions

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

	2023 HK\$	2022 HK\$
Short-term employee benefits	938,563	856,985
Post-employment benefits	<u>18,000</u>	<u>18,348</u>
	<u>956,563</u>	<u>875,333</u>

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

23. Members' liability

The liability of each member to contribute to the assets of the association in the event of its being wound up while he is a member or within one year after he ceases to be a member, is limited to HK\$100.

24. Key sources of estimation uncertainty

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

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25. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

26. Approval of financial statements

These financial statements were authorised for issue by the committee members on 31 October 2023.