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**THE CENTRE FOR SPIRITUAL PROGRESS TO GREAT AWAKENING LIMITED**

**大覺禪行中心有限公司**

**REPORTS  
AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2021**

**潘志強會計師事務所**  
**Raymond Poon & Co.**  
Certified Public Accountants (Practising)

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Hong Kong

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## **BUSINESS REVIEW**

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The Centre for Spiritual Progress to Great Awakening Limited ("the Association") is an approved charitable organisation. With the mission, "True Love is Borderless, Together We Overcome Hardships", we earnestly commit ourselves in serving the public and cultivating the field of merits together with everyone. Since our establishment in 2009, we have been focusing on spiritual well-being of the hospitalized patients, their care-givers, elderlies as well as the public at large.

### **Hospital Spiritual Care Services**

The Association set up the Buddhist Chaplaincy Unit ("BCU") in 2011 with the aim to provide 5W-holistic spiritual care services to patients, their care-givers and hospital staff. Under the leadership of the Head of BCU, the Buddhist Chaplains, together with the aid of the Spiritual Envoys, particularly trained volunteers, BCU provides all round spiritual care services to in-patients, their family and ward staff. It is one of the foremost Buddhist organisations in Hong Kong providing spiritual care services in local hospitals and its services are highly recognised by the Hospital Authority ("HA").

At 31 March 2021, the Association has 9 (2020: 7) Buddhist Chaplains serving 16 (2020: 15) public hospitals in Hong Kong. Because of the outbreak of Covid-19, all bed-side visits were suspended. Alternatives have been arranged.

HA has rolled out the Essential Spiritual Care Service since February 2020. Upon approval of the Chief Executive of individual hospital, pre-designated chaplains are permitted to go into the hospital, to visit patient who is in critical condition and provide support to the family. The four monastic Chaplains of BCU were responsible for this task. As a prerequisite, they are required to undergo covid-19 test every 7 days.

BCU also introduced the Tele-care Service by the last quarter of 2020 while the pandemic continued and in-person visit impossible. With the aid of the latest Apps and Softwares, Spiritual Envoys carried out video-visits to in-patients, arranged on-line meditation workshops and talks for care-givers and ward staff.

Amidst the pandemic, BCU resumed the 4th Intermediate Course in April 2020 which was suspended earlier in February when infectious cases surged. The course was completed in July 2020 and followed by the launch of the 22nd elementary course in August 2020. The elementary course finished in October 2020 as scheduled. Lectures of both courses were conducted in a mix of face-to-face and on-line manners.

On 1 February 2021, BCU published the premiere of its E-newsletter which serves as a means to arouse public interest in Buddhist spiritual care services.

### **Elderly Care Services**

A team of volunteers, namely the "Love Envoy" was trained up to provide services catering the needs of the elderly in the old age homes and the community. Our mission is to enable elderly people to lead a fulfilling and happy life with positive energy.

The Love Envoy Team has been paying regular visits to elderlies in 7 residential homes and day care centres. Alternate actions were taken to tackle the social restrictions which stopped regular visits. These included Zoom-meetings, regular phone calls to the elderlies, recorded entertaining performances, etc.

Continuous trainings are provided to existing Love Envoy to boost their commitment and aspiration of helping others.

## **BUSINESS REVIEW (CONTINUED)**

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### **Elderly Care Services (Continued)**

With the Fund from Love Can Help II by Li Ka Shing Foundation Limited to sponsor the Elderly Care Services, the Association has given out 6,157 blessing gift-packs with the aid of 16 elderly homes and 10 elderly care NGOs during the year.

### **Community Care Services**

The Association also cares about the under-privileged. It collaborates with other NGOs to extend its services to poor communities in Hong Kong.

"Clear-Minded Envoy" is a team consisted of both visually-impaired and visually healthy volunteers. They pay regular visits to live-alone elderlies. Through doing services in the community, visually-impaired volunteers are led out of their comfort zone, build up their self-confidence and lead a happy and positive life.

Visits were stopped due to the pandemic since February 2020, as an alternative, the Team shifted to making regular phone calls to the elderlies.

The Association also invites low-income families to lunch on a quarterly basis. Lunch meetings became impossible amidst the pandemic. But the giving-out of blessing gift-packs has never ceased. Through the assistance of various NGOs, a total of 2160 blessing gift-packs were given out by the Team to under-privileged people during the year.

### **Community Care Public Talk Series**

The Association has started its collaboration with Tung Lin Kok Yuen since 2019 to organise series of public talks in the communities, aims at spreading good and positive messages to the public, lifting people's spirit, and guiding them to find the meaning of life.

Because of the Covid-19 pandemic, two Public Talks were broadcasted through Facebook page and YouTube channel.

In October 2020, the Association obtained funding from Li Ka Shing Foundation to launch a program "Caring Service and Life Education for the Elders". A public talk, "Lost in the brain" and a related workshop about dementia were then arranged. Due to Covid-19 pandemic, only limited number of participants could attend in person and others joined via internet.

### **Propagation of Buddhist Values**

As a Buddhist organization, propagation of Buddhism is one of the Association's objectives. To achieve, we organise various kind of religious activities like Buddhist classes, meditation workshops, and rituals, etc.

During the year, the Association has organised over 22 religious ceremonies and 2 meditation workshops. Some of the religious ceremonies were held at the Centre or MacPherson Stadium with public participation. Since the outbreak covid-19 in early 2020 and the subsequent social gathering restrictions, the Association started to arrange real-time broadcast of sutra-chanting and repentance ceremonies. Altogether, there were over 26,300 attendance, in person or via internet, in these religious activities.

## **BUSINESS REVIEW (CONTINUED)**

### **Vegetarian Catering Business**

Vegetarian catering business operated by a subsidiary of the Association, namely Ateen Limited, was closed during the year.

### **Financial Review**

The Covid-19 Pandemic which resulted in severe social and economic disruption also hit the Association hard. Donations received and net surplus gained on programmes held by the Association during the year amounted to approximately HK\$18.61 million (2020: HK\$17.75 million) and HK\$3.03 million (2020: HK\$5.90 million) respectively. Donations by worshippers are voluntary. The Association offers its services and religious ceremonies free of charge and provides most of its activities and trainings at no cost or nominal charges. The costs of operation and maintenance are mostly funded by donation income and net surplus on programmes held.

During the year, the Association obtained grants from the following organisations to support its services to hospital chaplains, elderly and community:

	2021 HK\$	2020 HK\$
Li Ka Shing Foundation Limited	1,000,000	-
The D.H. Chen Foundation	2,835,851	2,764,664
The Kishinchand Chellaram Foundation Limited	430,000	-
	<u>4,265,851</u>	<u>2,764,664</u>

The Association finances its operations with internally generated cash flows and grants from other organisations. The funds are mainly used for (i) renovations works and maintenance of assets on the Association; (ii) the Association's daily operation includes staff salaries and all supporting resources; and (iii) cost and expenses incurred in relation to services and activities provided by the Association.

The Association and its subsidiaries (collectively, "the Group") will still rely on internally generated cash flows as a major source of funding for its future operation plans. The Group's policy is to monitor its current and expected liquidity levels regularly to ensure that there is sufficient reserve of cash for its daily operation purposes. Meanwhile, the Group monitors the liquidity position on an on-going basis to ensure sufficient liquid funds are available to meet all obligations as they fall due and to make the most efficient use of its financial resources. At 31 March 2021, the current ratio of the Group was 3.32 times (2020: 23.97 times). The significant drop in current ratio is due to use of cash and raise of new loans for acquisition of permanent centre at Kowloon Bay, through acquisition of 100% equity interest in a subsidiary, during the year.

At 31 March 2021, the Group had external borrowings of approximately HK\$26 million (2020: 19 million) for financing the acquisition of the Group's permanent centre in Kowloon Bay. In which, amount repayable within one year was HK\$2,092,004 (2020: HK\$875,621).

The Group's financial resources remain strong. At 31 March 2021, the Group's cash and cash equivalents net of current portion of external borrowings was HK\$6.59 million (2020: HK\$28.64 million).

## **BUSINESS REVIEW (CONTINUED)**

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### **Principal risks and uncertainties**

The principal risks arise from fluctuations in revenue generation and the rising cost of operation and maintenance. The major part of the Group's revenue is derived from donation income, the fluctuations of which pose a challenge in financial forecasting. Recent years have seen an escalation in operating costs. The Group has been paying much attention to keeping its administrative and other operating expenses at a reasonable and healthy level.

### **Environmental Policies**

The Group has adopted a number of eco-friendly measures including:

- (a) Promotion of "Clean Air Exercise" by energy saving, reducing light pollution and better use of air-conditioning; and
- (b) Promotion of "Green and Low Carbon Living" by reducing waste, protecting the ecological environment and respecting and caring life.

### **Constitutional/Legislative Compliance**

Appropriate policies, protocols, guidelines are in place. The Association's compliance with relevant laws and regulations is regularly monitored. No report of non-compliance was received during the year.

### **Key Relationship**

Under the leadership of the Buddhist nuns of the Group, most of the employees are motivated to work with passion and enthusiasm. Employees are rather stable and turnover rate is low. During the year, there are a total of 33 staff employed by the Group.

### **Outlook**

The Association is especially thankful to the aids and supports from its volunteers and the public in what is still a difficult time for everyone in the Pandemic. With its heartfelt gratitude, the Association will continue to strive on expanding its spiritual care services to echo the ever growing demand in the communities. It will also continue to promote Buddhist values in the society.

Although the market condition is going to be more difficult going forward, the Association is confident that, with its reputation and the healthy financial position, it will be able to cope with the challenges ahead.

### **Other Matters**

In the opinion of the executive committee members of the Association, there are no other matters, apart from those disclosed in this report, that are material for the Group for the year ended 31 March 2021.

## **EXECUTIVE COMMITTEE MEMBERS' REPORT**

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The executive committee members present their report and the audited consolidated financial statements of The Centre for Spiritual Progress to Great Awakening Limited ("the Association") and its subsidiaries (collectively, "the Group") for the year ended 31 March 2021.

### **Principal activities**

The principal activities of the Association are engaged in Buddhist Vihara management, providing care services in hospitals and elderly homes and promoting the welfare of the members as well as the public. The activities of the subsidiaries are set out in Note 20 to the consolidated financial statements.

### **Results**

The results of the Group for the year then ended are set out in the consolidated statement of comprehensive income on page 10 of the financial statements.

### **Executive committee members**

The names of persons who were the executive committee members of the Association during the year and up to the date of this report are as follows:

#### Permanent executive committee members

SIK, Hin Shuen

TAN, Sock Hooi

CHEUNG, Mei Lin

SIK, Yan Ho

In accordance with the Association's Articles of Association, all permanent executive committee members are not subject to rotation or retirement and continue in office.

### **Permitted indemnity provision**

At no time during the year and up to the date of this report, there was or is, any permitted indemnity provision in force for the benefit of one or more executive committee members of the Association.

### **Management contracts**

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

### **Arrangements to purchase shares or debentures**

At no time during the year or at the end of the year was the Association, or any of its subsidiaries a party to any arrangements to enable the executive 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.

### **Executive committee members' interest in contracts of significance**

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

## **EXECUTIVE COMMITTEE MEMBERS' REPORT**

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### **Donations**

During the financial year, the Group made donations for charitable purposes to a total amount of HK\$3,365,692 (2020: HK\$1,529,897).

### **Business review**

Detailed discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the business review section set out on pages 1 to 4 and it forms part of this Executive Committee Members' Report.

### **Auditor**

The consolidated financial statements have been audited by Raymond Poon & Co, Certified Public Accountants (Practising) who will retire, and being eligible, offer themselves for reappointment, at the forthcoming annual general meeting of the Association.

On behalf of the Executive Committee



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SIK, Hin Shuen  
*Executive committee member*  
Hong Kong, 13 December 2021



## **Independent Auditor's Report**

### **To the Members of The Centre for Spiritual Progress to Great Awakening Limited**

*(incorporated in Hong Kong with limited liability by guarantee)*

#### **Opinion**

We have audited the consolidated financial statements of The Centre for Spiritual Progress to Great Awakening Limited ("the Association") and its subsidiaries (collectively, "the Group") set out on pages 10 to 30, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, 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 of Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA's") 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 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.

#### **Other Information**

The executive committee members are responsible for the other information. The other information comprises all the information included in the business review set out on pages 1 to 4, the executive committee members' report set out on pages 5 to 6 and detailed income statement set out on pages 32 to 33, 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.

#### **Responsibilities of the Executive Committee Members for the Consolidated Financial Statements**

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

## **Independent Auditor's Report**

### **To the Members of The Centre for Spiritual Progress to Great Awakening Limited (Continued)**

*(incorporated in Hong Kong with limited liability by guarantee)*

### **Responsibilities of the Executive Committee Members for the Consolidated Financial Statements (Continued)**

In preparing the consolidated financial statements, the executive committee members 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 executive committee members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **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 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- 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 executive committee members.
- Conclude on the appropriateness of the executive 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 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.

# **RAYMOND POON & CO.** Certified Public Accountants (Practising)

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Room 1401, 14th Floor, Belgian Bank Building, 721-725 Nathan Road, Mong Kok, Kowloon, Hong Kong  
Tel: (852) 2375 2558 Fax: (852) 2317 1448

## **Independent Auditor's Report**

### **To the Members of The Centre for Spiritual Progress to Great Awakening Limited (Continued)**

*(incorporated in Hong Kong with limited liability by guarantee)*

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

- 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.

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.



Raymond Poon & Co.

*Certified Public Accountants (Practising)*

Hong Kong, 13 December 2021

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$	2020 HK\$
Revenue	5	18,688,437	19,809,854
Cost of sales		<u>(36,710)</u>	<u>(528,930)</u>
Gross profit		18,651,727	19,280,924
Other revenue and net gains	6	4,295,415	6,558,488
Administrative and other expenses		(19,449,992)	(15,616,324)
Finance costs		<u>(389,859)</u>	<u>(258,958)</u>
Surplus before tax	7	3,107,291	9,964,130
Income tax	9	<u>(4,751)</u>	-
Surplus for the year		3,102,540	9,964,130
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>3,102,540</u></u>	<u><u>9,964,130</u></u>

The annexed notes on pages 14 to 31 form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021


	Notes	2021 HK\$	2020 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	10	67,327,860	33,911,823
Intangible assets	11	5,022,820	-
		<u>72,350,680</u>	<u>33,911,823</u>
<b>Current assets</b>			
Inventories		-	3,574
Accounts receivable		50,564	8,200
Deposits, prepayments and other receivables		11,405,547	16,389,501
Cash and cash equivalents	16	8,683,785	29,740,154
		<u>20,139,896</u>	<u>46,141,429</u>
<b>Current liabilities</b>			
Bank loan, secured	12	598,848	575,621
Other loans	13	1,493,156	300,000
Accounts payable		7,146	3,814
Deposits, accruals and other payables		2,808,539	445,982
Amount due to an executive committee member	14	550,706	599,706
Tax payable		602,032	-
		<u>6,060,427</u>	<u>1,925,123</u>
<b>Net current assets</b>		<u>14,079,469</u>	<u>44,216,306</u>
<b>Non-current liabilities</b>			
Bank loan, secured	12	8,522,238	9,117,033
Other loans	13	14,979,482	9,200,000
Deferred tax liabilities	15	14,793	-
		<u>23,516,513</u>	<u>18,317,033</u>
<b>Net assets</b>		<u>62,913,636</u>	<u>59,811,096</u>
<b>Reserves</b>		<u>62,913,636</u>	<u>59,811,096</u>

The annexed notes on pages 14 to 31 form an integral part of these financial statements.

Approved and authorised for issue by the Centre's Executive Committee on 13 December 2021.



SIK, Hin Shuen  
Executive committee member



TAN, Sock Hooi  
Executive committee member

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 March 2021

	<b>Accumulated fund HK\$</b>
Balance at 1 April 2019	49,846,966
Total comprehensive income for the year	<u>9,964,130</u>
Balance at 31 March 2020	59,811,096
Total comprehensive income for the year	<u>3,102,540</u>
<b>Balance at 31 March 2021</b>	<b><u><u>62,913,636</u></u></b>

Notes:

- (a) Unpaid balance of donations received for supporting the redevelopment project of Po Lam Buddhist Association at the end of the reporting period amounts to HK\$7,800 (2020: HK\$10,500).
- (b) Unused balance of a donation received from The D. H. Chen Foundation for supporting the Group's Department of Buddhist Chaplaincy Caring Services in Hospitals at the end of reporting period amounts to HK\$513 (2020: HK\$26,277).

**CONSOLIDATED STATEMENT OF CASH FLOWS**

At 31 March 2021

	Notes	2021 HK\$	2020 HK\$
<b>Operating activities</b>			
Surplus before tax		3,107,291	9,964,130
Adjustment for:			
Amortisation of goodwill	7, 11	1,255,705	-
Depreciation of property, plant and equipment	7, 10	2,555,462	2,377,799
Exchange (gain)/loss, net	6, 7	(26,286)	10,646
Impairment loss on property, plant and equipment	7, 10	2,923,905	-
Interest expenses	7	389,859	258,958
Interest income	6	(271,547)	(145,982)
Loss on disposal of property, plant and equipment	7	410,669	-
Loss on property, plant and equipment written off	7	26,632	588,660
		<u>10,371,690</u>	<u>13,054,211</u>
Changes in working capital:			
Decrease/(Increase) in inventories		3,574	(1,403)
Increase in accounts receivable		(42,364)	(2,708)
Decrease in deposits, prepayments and other receivables		4,996,599	4,284,867
Increase/(Decrease) in accounts payable		3,332	(66,939)
Increase/(Decrease) in deposits, accruals and other payables		1,914,465	(1,859,297)
		<u>17,247,296</u>	<u>15,408,731</u>
<b>Net cash generated from operating activities</b>			
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(64,218)	(33,601,618)
Proceeds from disposal of property, plant and equipment		80,000	-
Net cash used in acquisition of a subsidiary	17	(34,579,491)	-
Interest paid		(389,859)	(258,958)
Interest received		271,547	145,982
		<u>(34,682,021)</u>	<u>(33,714,594)</u>
<b>Net cash used in investing activities</b>			
<b>Financing activities</b>			
New bank and other loans raised		6,000,000	13,700,000
Repayment of bank and other loans		(9,598,930)	(507,346)
Decrease in amount due to an executive committee member		(49,000)	(65,020)
		<u>(3,647,930)</u>	<u>13,127,634</u>
<b>Net cash (used in)/generated from financing activities</b>			
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		29,740,154	34,929,029
Effect of foreign exchange rate changes		26,286	(10,646)
		<u>8,683,785</u>	<u>29,740,154</u>
<b>Cash and cash equivalents at end of the year</b>	16	<u>8,683,785</u>	<u>29,740,154</u>

The annexed notes on pages 14 to 31 form an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 1. General information

#### Corporate information

The Centre for Spiritual Progress to Great Awakening Limited ("the Association") is a company incorporated in Hong Kong with limited liabilities by guarantee. The Association's registered address is located at Flats 401-403, 4th Floor, Wing Fat Industrial Building, 12 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong.

The Association is a non-profit making enterprise and has been recognised by the Inland Revenue Department as an approved charitable institution under Section 88 of the Inland Revenue Ordinance.

The principal activities of the Association are engaged in Buddhist Vihara management, providing care services in hospitals and elderly homes and promoting the welfare of the members as well as the public. The Association's subsidiaries act as social enterprises for provision of vegetarian catering (cessation during the year) and sales of food and groceries.

#### Reporting currency

Unless stated otherwise, all currency figures in these consolidated financial statements are presented in Hong Kong Dollars (HK\$) rounded to the nearest dollar, which is also the functional currency of the Association and its subsidiaries (collectively, "the Group").

### 2. Basis of preparation and significant accounting policies

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the accrual basis of accounting and on the basis that the Group is a going concern.

The measurement basis used in preparation of these consolidated financial statements is the historical cost basis.

The followings are the significant accounting policies that are necessary for a proper understanding of the consolidated financial statements:

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Association and all its subsidiaries, other than those subsidiaries which are acquired and held for sell within one year after acquisition. Subsidiary are those companies, including unincorporated company such as partnership, controlled by the Association. Control is the power to govern the financial and operating policies of an entity so as obtain benefits from the activities.

A subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 2. Basis of preparation and significant accounting policies

#### **Basis of consolidation (continued)**

The consolidated financial statements present financial information about the Group as a single economic entity. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profits and losses resulting from intragroup transactions are eliminated in full unless the losses may indicate an impairment that requires recognition in the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. The financial statements of the Association and its subsidiaries used in preparation of the consolidated financial statements are prepared as of the same reporting date (equivalent to the end of reporting period of the Association).

Non-controlling interests in the net assets of the consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in net assets consist of the amount of those interests at the date of the original business combination and share of changes in equity by the non-controlling parties since the date of business combination. Losses applicable to the non-controlling parties in excess of the non-controlling interests in the subsidiary equity are allocated to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### **Business combination**

The acquisition of subsidiaries is accounted for using the purchase method. The cost of business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The estimated amount for contingent cost of business combination that is probable and can be measured reliably will be adjusted in cost of business combination. Additional consideration that becomes probable subsequently will be treated as an adjustment to the cost of business combination when the amount can be measured reliably. The acquiree's identifiable assets and liabilities and a provision of contingent liabilities that meet the conditions for recognition under HKFRS for PE are recognised at their fair values at the acquisition date. The accounting policy in respect of goodwill arising on business combination is set out under "Intangible assets" on page 17 to consolidated financial statements.

If the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities and provisions for contingent liabilities recognised in accordance with HKFRS for PE exceeds the cost of the business combination, the Group shall reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities and provisions for contingent liabilities still exceeds the cost of the business combination, the excess, being the negative goodwill, is recognised immediately in the consolidated statement of comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 March 2021

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**2. Basis of preparation and significant accounting policies (continued)****Revenue**

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Group and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes on the following bases:

Donation income is recognised when the income is received.

Sale of food and beverages in vegetarian canteen operation is recognised at the point in time when the catering services to the customers are completed.

Interest income is recognised using the effective interest method on a time-proportion basis taking into account the principal outstanding and the interest applicable.

Course income from interest classes is recognised when the service is rendered.

**Employee benefits**

Salaries, annual bonuses, paid annual leave and other 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 defined and the effect would be material, these amounts are measured at their present value.

The Company operates a defined contribution plan under mandatory provident fund scheme in Hong Kong. The Company pays contributions to the independent administrator on a mandatory basis. The Company has no further payment obligations once the contributions are paid. The contributions are recognised as employee benefit expenses when they are incurred and the cost can be measured reliably.

**Operating leases**

Leases where substantially all the risks and rewards incidental to ownership of the leased assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to consolidated statement of comprehensive income on straight-line basis over the lease term. Incentives such as rent-free period or subsidy on decoration, if any, are recognised as a reduction of rental expenses over the lease term on straight-line basis.

**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**Income tax**

The Association is exempt from Hong Kong profits tax as it has been recognised by the Inland Revenue Department as an approved charitable institution under Section 88 of the Inland Revenue Ordinance.

Income tax comprises current tax and deferred tax of the Association's subsidiaries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 2. Basis of preparation and significant accounting policies (continued)

#### Income tax (continued)

Current tax is measured based on estimated taxable profit for the year.

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, unused tax losses and unused tax credits to the extent that is probable that taxable profit will be available against which those deductible temporary differences, unused tax losses and unused tax credits 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 a business combination) of other assets and liabilities in a transaction that affects neither the accounting profit nor the taxable profit or tax loss.

The unrecognised deferred tax assets are reviewed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Current and 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 by the end of the reporting period.

#### Property, plant and equipment

Property, plant and equipment are measured at initial recognition at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost comprise purchase price, conversion cost and estimated cost of dismantling and restoration. Expenditure such as repairs and maintenance, overhaul costs and borrowing costs are normally charged to consolidated statement of comprehensive income when they are incurred. Where expenditure has resulted in increases in the future economic benefits from the use of the property, plant and equipment, the expenditure is capitalised.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over lease term
Buildings	2% or over lease term if shorter
Leasehold improvement	10%
Furniture and fixtures	20%
Office and catering equipment	20%
Motor vehicle	25%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 2. Basis of preparation and significant accounting policies (continued)

#### Property, plant and equipment (continued)

On disposal or retirement, the cost together with associated accumulated depreciation and impairment losses, if any, of the property, plant and equipment are derecognised and any gain or loss resulting from the disposal or retirement is recognised in the consolidated statement of comprehensive income.

#### Intangible assets

Intangible assets are measured at initial recognition at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Goodwill arising on acquisition of a subsidiary is initially recognised as an asset and measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is provided on a systematic basis using the straight-line method over 5 years. On subsequent disposal of a subsidiary, the carrying amount of the goodwill is included in the determination of the amount of gain or loss on disposal.

#### Impairment of non-current assets other than financial assets

At the end of each reporting period, non-current assets other than financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is any 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 the estimated recoverable amount is less than the carrying amount, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the consolidated statement of comprehensive income. If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) other than goodwill is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been determined (net of any depreciation/amortisation) 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. Impairment loss for goodwill is irreversible in subsequent period.

#### Account and other receivables

Account and other receivables are measured at initial recognition at transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of account and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 2. Basis of preparation and significant accounting policies (continued)

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months at acquisition.

#### Account and other payables

Account and other payables are measured at initial recognition at the transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method.

#### Borrowings

Borrowings are measured at initial recognition at the transaction price and subsequently measured at amortised cost. All borrowings are classified as current liabilities unless the Group has a pre-defined repayment schedule or an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Interest expense is recognised on the basis of the effective interest method and is recognised in the consolidated statement of comprehensive income.

#### Foreign currency transactions

The functional currency of all the entities of the Group is Hong Kong dollars which is also the presentation currency of these consolidated financial statements. Foreign currency transactions are translated into the functional currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated at the approximate rates of exchange ruling at that date. Exchange differences arising on settlement or translation of foreign currency monetary items are recognised in the consolidated statement of comprehensive income.

#### Separate financial statements

The Group regards the company-level statement of financial position of the Association presented in notes to consolidated financial statements as a separate financial statement. In the separate financial statement, the investment in subsidiaries are measured at cost less impairment. The accounting policies of other assets, liabilities and equity in the company-level statement of financial position are similar to those used by the Group.

### 3. Critical accounting judgements and key sources of estimation uncertainty

#### Discounting factor

For the purpose of measuring the recoverable amount of an asset in use, discounting factor shall be estimated by reference to the generally expected return rate in the market on such kind of assets. In case the market information is not available, discounting factor shall be estimated by reference to the expected annual return from the asset at the time of recognition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### Depreciation of property, plant and equipment and amortisation of intangible assets

The depreciation/amortisation method and rates of the property, plant and equipment and of intangible assets are based on the management's best estimate to their expected residual value, useful lives, consumption pattern, wear-and-tear and potential technical obsolescence to usage of the assets. Management uses all readily available information in determining all above factors. Any change in these factors may have a significant impact on the carrying amounts of the property, plant and equipment and intangible assets and profit or loss.

#### Impairment of assets

The impairment of assets is based on the management's best estimate to the expected recoverable amounts of the assets that would be determined by reference to fair value less costs to sell and value in use estimated using the discounted cash flow method. Because of inherent risks associated with the estimations, their accuracy may affect the consolidated statement of comprehensive income.

#### Deferred tax

Deferred tax assets in respect of unused tax losses carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused credits can be utilised. In determining the carrying amount of deferred tax assets, expected future taxable profits are estimated by reference to a number of assumptions relating to the operating environment of each member of the Group and the Group as a whole. It also requires significant level of judgement exercised by the management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the result in future years.

### 5. Revenue

An analysis of the Group's revenue is as follows:

	2021 HK\$	2020 HK\$
Donation income	<b>18,607,570</b>	17,751,385
Sales of food, beverages and goods	<b>80,867</b>	2,058,469
	<b><u>18,688,437</u></b>	<b><u>19,809,854</u></b>

Donation income includes a donation of HK\$2,835,851 (2020: HK\$2,764,664) received from The D. H. Chen Foundation, which is for supporting the Association's Department of Buddhist Chaplaincy Caring Services in Hospitals.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 6. Other revenue and net gains

	2021 HK\$	2020 HK\$
Bank interest income	271,547	145,982
Course income	2,750	212,685
Exchange gain, net	26,286	-
Government subsidies (Note a)	728,000	-
Sales of products	-	1,280
Sundry income	241,453	10,000
Net surplus on programmes held (Note b)	<u>3,025,379</u>	<u>6,188,541</u>
	<u><b>4,295,415</b></u>	<u><b>6,558,488</b></u>

Notes:

(a) These represented government subsidies in relation to the COVID-19 pandemic which included subsidies of HK\$528,000 under the Employment Support Scheme (2020: Nil) and other subsidies of HK\$200,000 (2020: Nil) granted under the Anti-Epidemic Fund of the Government of the Hong Kong Special Administrative Region.

(b) Net surplus on programmes held during the year is analysed as follows:

	2021 HK\$	2020 HK\$
Donation income for programmes held	4,151,909	11,082,662
Less: Programmes expenditure	<u>1,126,530</u>	<u>5,183,744</u>
	<u><b>3,025,379</b></u>	<u><b>5,898,918</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 7. Surplus before tax

This is arrived at after charging/(crediting):

	2021 HK\$	2020 HK\$
<b>Finance costs</b>		
Interest on bank and other loans	<u>389,859</u>	<u>258,958</u>
<b>Other items</b>		
Amortisation of goodwill	1,255,705	-
Auditor's remuneration	39,000	41,200
Depreciation of property, plant and equipment	2,555,462	2,377,799
Donations	3,365,692	1,529,897
Exchange (gain)/loss, net	(26,286)	10,646
Impairment loss on property, plant and equipment	2,923,905	-
Loss on disposal of property, plant and equipment	410,669	-
Loss on property, plant and equipment written off	26,632	588,660
Operating lease rental	1,491,818	2,643,520
Staff costs	<u>4,303,635</u>	<u>4,474,066</u>

### 8. Executive committee members' remuneration

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

	2021 HK\$	2020 HK\$
Fees	-	-
Other emoluments	<u>-</u>	<u>-</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 9. Income tax

Hong Kong profits tax has not been provided as the Association has been granted an exemption from profits tax under Section 88 of the Inland Revenue Ordinance and the subsidiaries either incurred a tax loss for the year or had sufficient unused tax losses brought forward to offset against the assessable profits for the year.

	2021 HK\$	2020 HK\$
<b>Current tax - Hong Kong Profits Tax</b>		
Adjustment for over-provision	(10,042)	-
<b>Deferred tax (Note 15)</b>		
Origination of temporary differences	<u>14,793</u>	<u>-</u>
	<u><u>4,751</u></u>	<u><u>-</u></u>

The Group has not recognised deferred tax assets in respect of the deductible temporary differences arising from depreciation of property, plant and equipment and cumulative tax losses as it is not probable that future taxable profits against which the deductible temporary differences and losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 10. Property, plant and equipment

	Leasehold land and buildings HK\$	Leasehold improvement HK\$	Furniture and fixtures HK\$	Office and catering equipment HK\$	Motor vehicles HK\$	Total HK\$
<b>Cost:</b>						
At 1 April 2020	27,683,821	6,425,277	4,513,889	1,490,494	75,000	40,188,481
Additions	-	-	48,520	15,698	-	64,218
Acquisition of a subsidiary	43,537,587	-	-	-	-	43,537,587
Disposals/Written off	-	(1,206,121)	(411,910)	(563,635)	-	(2,181,666)
<b>At 31 March 2021</b>	<b>71,221,408</b>	<b>5,219,156</b>	<b>4,150,499</b>	<b>942,557</b>	<b>75,000</b>	<b>81,608,620</b>
<b>Depreciation and impairment:</b>						
At 1 April 2020	979,958	1,245,588	2,949,233	1,026,879	75,000	6,276,658
Charge	1,294,746	521,916	605,032	133,768	-	2,555,462
Acquisition of a subsidiary	4,189,100	-	-	-	-	4,189,100
Disposals/written off	-	(723,672)	(377,911)	(562,782)	-	(1,664,365)
Impairment loss	2,923,905	-	-	-	-	2,923,905
<b>At 31 March 2021</b>	<b>9,387,709</b>	<b>1,043,832</b>	<b>3,176,354</b>	<b>597,865</b>	<b>75,000</b>	<b>14,280,760</b>
<b>Carrying amount:</b>						
<b>At 31 March 2021</b>	<b>61,833,699</b>	<b>4,175,324</b>	<b>974,145</b>	<b>344,692</b>	<b>-</b>	<b>67,327,860</b>
At 31 March 2020	26,703,863	5,179,689	1,564,656	463,615	-	33,911,823

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 10. Property, plant and equipment (continued)

At the end of the reporting period, the Group's leasehold land and buildings with carrying amount of HK\$22,800,000 (2020: HK\$26,703,863) were pledged to secure general banking facilities granted to the Group (Note 12).

### 11. Intangible assets

	2021 HK\$	2020 HK\$
<b>Goodwill arising on business combination</b>		
Acquisition of a subsidiary (Note 17)	6,278,525	-
Less: Amortisation for the year	<u>1,255,705</u>	<u>-</u>
Balance at end of the year	<u><u>5,022,820</u></u>	<u><u>-</u></u>

### 12. Bank loan, secured

	2021 HK\$	2020 HK\$
Bank loan, secured	9,121,086	9,692,654
Less : Repayable within one year as current liabilities	<u>598,848</u>	<u>575,621</u>
Repayable beyond one year as non-current liabilities	<u><u>8,522,238</u></u>	<u><u>9,117,033</u></u>

The Group's bank loan is secured by mortgage over the Group's leasehold land and buildings with carrying amount of HK\$22,800,000 (2020: HK\$26,703,863) at the end of the reporting period, interest bearing of 2.5% per annum below Hong Kong prime rate (2020: Same) and repayable by monthly instalments with maturity in April 2034.

### 13. Other loans

	2021 HK\$	2020 HK\$
Other loans, unsecured	16,472,638	9,500,000
Less : Repayable within one year as current liabilities	<u>1,493,156</u>	<u>300,000</u>
Repayable beyond one year as non-current liabilities	<u><u>14,979,482</u></u>	<u><u>9,200,000</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**13. Other loans (continued)**

The Group's other loans are unsecured, repayable by once repayment on maturity or instalments, in which HK\$4,872,638 (2020: Nil) is interest bearing at 5.25% per annum and HK\$11,600,000 (2020: 9,500,000) is non-interest bearing.

The amounts payable based on the maturity terms of other loans are analysed as follows:

	2021 HK\$	2020 HK\$
Within one year	1,493,156	300,000
In the second to fifth years	12,295,749	7,800,000
Beyond five years	<u>2,683,733</u>	<u>1,400,000</u>
	<u><u>16,472,638</u></u>	<u><u>9,500,000</u></u>

The Group's other loans were used to finance the acquisition of the Group's leasehold land and buildings and a subsidiary.

**14. Amount due to an executive committee member**

The amount due to an executive committee member of the Association is unsecured, interest free and has no fixed repayment terms.

**15. Deferred tax liabilities**

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	2021 HK\$	2020 HK\$
<b>Property, plant and equipment</b>		
At beginning of the year	-	-
Recognised in consolidated statement of comprehensive income (Note 9)	<u>14,793</u>	-
At end of the year	<u><u>14,793</u></u>	<u><u>-</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 16. Cash and cash equivalents

	2021 HK\$	2020 HK\$
<b>Components of cash and cash equivalents:</b>		
Cash and bank balances	8,683,785	9,614,127
Time deposit having maturity of not more than three months when acquired	-	20,126,027
	<u>8,683,785</u>	<u>29,740,154</u>

### 17. Business combinations

On 15 January 2021, the Group acquired 100% of the equity interests (representing 100% of voting rights) in Grandnic Hong Kong Limited ("Grandnic") from an independent third party at a cost of HK\$44,579,491. The cost of business combination was partly satisfied by cash of HK\$34,579,491 and partly satisfied by an interest-bearing promissory note of HK\$10,000,000 payable by 120 monthly instalments commencing in January 2021. The major assets of Grandnic are two industrial units situated in Hong Kong.

The costs of business combination together with the fair value of each class of recognised assets and liabilities of Grandnic at the date of acquisition and the resulting goodwill are set out below.

	HK\$
<b>Cost of business combination</b>	
Cash consideration	34,456,991
Other consideration	10,000,000
Directly attributable costs settled by cash	122,500
	<u>44,579,491</u>
<b>Assets acquired/(liabilities assumed)</b>	
Property, plant and equipment	39,348,487
Deposits paid	12,645
Accruals	(6,000)
Deposits received	(442,092)
Tax provision	(612,074)
	<u>38,300,966</u>
<b>Net assets acquired</b>	<u>38,300,966</u>
<b>Goodwill arising on acquisition of a subsidiary (Note 11)</b>	<u>6,278,525</u>
<b>Net cash used in acquisition of a subsidiary</b>	<u>34,579,491</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 18. Non-cash transactions

The Group acquired 100% equity in Grandnic. The consideration was partly satisfied by a promissory note amounted to HK\$10,000,000. The promissory note is payable by 120 monthly instalments commencing in January 2021.

### 19. Operating lease commitments

At the end of the reporting period, the Group had the following total future minimum lease payments under non-cancellable operating leases:

	2021 HK\$	2020 HK\$
Not later than one year	7,000	1,889,920
Later than one year and not later than five years	-	1,520,920
	<u>7,000</u>	<u>3,410,840</u>

### 20. Information of subsidiaries

Particulars of the Association's subsidiaries are as follows:

Name of Subsidiaries	Place of incorporation and principal operation	Issued capital HK\$	Percentage of ownership and voting power	Principal activities
Meritland Veggie Limited	Hong Kong	10,000	100%	Dormant
Ateen Limited	Hong Kong	10,000	100%	Catering (Note a)
Dateen Vegetarian Food Limited	Hong Kong	1	100%	Sales of food and groceries
Grandnic Hong Kong Limited	Hong Kong	1	100%	Property investment

Note:

(a) Ateen Limited ceased all its business activities on 31 March 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 21. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

#### Foreign exchange risk

As the assets and liabilities of each company within the Group are mainly denominated in the respective company's functional currency, the executive committee members are of the opinion that the Group's volatility of its profits against changes in exchange rates of foreign currencies would not be significant.

#### Interest rate risk

Interest rate risk mainly arises from the Group's bank deposits and bank and other loans at variable interest rates.

At 31 March 2021, the executive committee member are of the opinion that any reasonable changes in interest rates would not result in a significant change in the Group's results.

#### Credit risk

Credit risk primarily arises from the Group's bank deposits with financial institutions. As the Group's bank deposits are deposited in two financial institutions with good credit ratings, the management does not expect any losses from non-performance by these financial institutions.

#### Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient cash balances to meet its liquidity requirements in the short and longer term. The executive committee members are of the opinion that the Group does not have significant liquidity risk.


## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

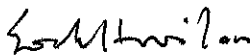
For the year ended 31 March 2021

### 22. Statement of financial position of the Association (company-level)

	Notes	2021 HK\$	2020 HK\$
<b>Non-current assets</b>			
Property, plant and equipment		28,294,161	33,885,191
Investments in subsidiaries		46,012,759	939,437
		<u>74,306,920</u>	<u>34,824,628</u>
<b>Current assets</b>			
Accounts receivable		50,564	8,200
Deposits, prepayments and other receivables		11,392,902	16,262,336
Cash and cash equivalents		7,798,845	28,925,443
		<u>19,242,311</u>	<u>45,195,979</u>
<b>Current liabilities</b>			
Bank loan, secured		598,848	575,621
Other loans		1,493,156	300,000
Deposits, accruals and other payables		2,488,190	122,907
Amount due to an executive committee member		140,706	189,706
		<u>4,720,900</u>	<u>1,188,234</u>
<b>Net current assets</b>		<u>14,521,411</u>	<u>44,007,745</u>
<b>Non-current liabilities</b>			
Bank loan, secured		8,522,238	9,117,033
Other loans		14,979,482	9,200,000
		<u>23,501,720</u>	<u>18,317,033</u>
<b>Net assets</b>		<u>65,326,611</u>	<u>60,515,340</u>
<b>Reserves</b>	23	<u>65,326,611</u>	<u>60,515,340</u>

Approved and authorised for issue by the Association's Executive Committee on 13 December 2021.

  
\_\_\_\_\_  
SIK, Hin Shuen  
Executive committee member

  
\_\_\_\_\_  
TAN, Sock Hooi  
Executive committee member



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 23. Movement of reserve of the Association

	<b>Accumulated fund HK\$</b>
Balance at 1 April 2019	50,565,058
Surplus for the year	<u>9,950,282</u>
Balance at 31 March 2020	60,515,340
Surplus for the year	<u>4,811,271</u>
<b>Balance at 31 March 2021</b>	<b><u><u>65,326,611</u></u></b>

Notes:

- (a) Unpaid balance of donations received for supporting the redevelopment project of Po Lam Buddhist Association at the end of the reporting period amounts to HK\$7,800 (2020: HK\$10,500).
- (b) Unused balance of a donation received from The D. H. Chen Foundation for supporting the Association's Department of Buddhist Chaplaincy Caring Services in Hospitals at the end of reporting period amounts to HK\$513 (2020: HK\$26,277).

### 24. Approval of consolidated financial statements

These consolidated financial statements were approved and authorised to issue by the Association's Executive Committee on 13 December 2021.

- End -

## DETAILED INCOME STATEMENT

For the year ended 31 March 2021

	<i>Schedules</i>	2021 HK\$	2020 HK\$
<b>Donation income</b>		<b>18,607,570</b>	17,751,385
<b>Other revenue and net gains</b>			
Bank interest income		270,802	144,503
Course income		2,750	212,685
Government subsidies		528,000	-
Net exchange gain		26,286	-
Sales of products		-	1,280
Sundry income		191,587	-
Net surplus on programmes held		<u>3,025,379</u>	<u>5,898,918</u>
		<b>22,652,374</b>	24,008,771
<b>Administrative and other expenses</b>	1	<b>(17,451,244)</b>	(13,799,531)
<b>Finance costs</b>	2	<b>(389,859)</b>	(258,958)
<b>Surplus for the year</b>		<b>4,811,271</b>	9,950,282
<b>Accumulated fund brought forward</b>		<b>60,515,340</b>	50,565,058
<b>Accumulated fund carried forward</b>		<b>65,326,611</b>	60,515,340

## SCHEDULES TO DETAILED INCOME STATEMENT

For the year ended 31 March 2021

	2021 HK\$	2020 HK\$
<b>1. Administrative and other expenses</b>		
Advertising and promotion	16,400	47,000
Auditor's remuneration	26,000	26,000
Bank charges	36,083	19,166
Buddhist chaplaincy caring services	375,436	593,768
Building management fee	310,524	302,855
Cleaning and sanitary	61,704	66,312
Computer expenditure	6,682	73,231
Consultancy fee	348,920	287,920
Course expenses	16,000	46,057
Deficit on charity	191,886	436,019
Depreciation	2,240,674	2,370,241
Donations - cash for charitable purpose	3,365,692	1,529,897
Donations - gifts for charitable purpose	350	8,220
Disc, book and MP3 productions	534,120	70,751
Elderly caring services	326,377	47,101
Electricity and water	37,396	89,269
Exchange loss, net	-	10,646
Impairment loss on property, plant and equipment	2,923,905	-
Insurance	222,738	160,854
Loss on disposal of property, plant and equipment	410,669	-
Loss on property, plant and equipment written off	-	588,660
Mandatory provident fund contributions	157,992	127,363
Packaging	2,890	-
Postage and courier	4,621	7,610
Printing and stationery	27,255	36,689
Professional fee	5,800	-
Rent, rates and government rent	1,292,307	2,196,276
Repairs and maintenance	210,079	103,779
Salary for staff	4,113,129	3,455,153
Sundry expenses	32,915	62,806
Telephone, fax and broadband	34,271	39,012
Transportation	5,624	51,054
Travelling - local and overseas	15,250	112,101
Uniform	29,640	53,019
Vehicle running expenses	61,615	74,294
Volunteers' messing	6,300	6,408
Website revamp	-	700,000
	<b>17,451,244</b>	<b>13,799,531</b>
<b>2. Finance costs</b>		
Interest on a bank loan	259,444	258,958
Interest on other loans	130,415	-
	<b>389,859</b>	<b>258,958</b>