

HONG KONG FAMILY WELFARE SOCIETY

EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2025

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee submits its report together with the audited financial statements of Hong Kong Family Welfare Society (the “Society”) for the year ended 31st March 2025.

Principal activity

The principal activity of the Society is the provision of welfare services.

Business review

Main business

Hong Kong Family Welfare Society, established in 1949, is one of the major social service organisations in Hong Kong. With a “family-centric” perspective, the Society is committed to delivering quality and professional social services to enhance the wellbeing of families and individuals in Hong Kong and foster a caring community.

The Society renders the following major types of social services for families and individuals through its 52 service centres in Hong Kong:

- a) Integrated Family Services – including 6 Integrated Family Service Centres, Zonta White House – Family Retreat Centre, Clinical Psychological Service, and service projects to promote the wellbeing of families;
- b) Mediation Services and Divorce Services – including a Mediation Centre, a Parent-child Connect Specialised Co-parenting Support Centre, a Family Resource Centre, and services to address needs of divorce and blended families;
- c) Children Services – including Foster Care Service, After School Care and Support Programmes, Neighbourhood Support Child Care Project and Kindergarten Social Work Service, Social Work Service for Pre-primary Institutions, and various service projects to serve the children in need;
- d) Youth Services – including School Social Work Service for 40 secondary schools, an Integrated Children and Youth Service Centre, and a variety of service projects to serve the developmental needs of young people;
- e) Community Care and Support Services for the Elderly – including Enhanced Home and Community Care Services / Integrated Home Care Services (Frail Cases), a Neighbourhood Elderly Centre, Home Care and Support Services for Elderly Persons with Mild Impairment, Community Care Service Voucher Scheme for the Elderly, and service projects that address the mental health issues of elders and their carers; and
- f) Special Services – including a Financial Education Centre, a Women and Family Enhancement Centre, Services for Multi-Generational Families, Volunteer Service, and Wellness Programmes.

In 2024-25, income of the Society from Lump Sum Grant (“LSG”) had increased due to the new subvention on Social Work Service for Pre-primary Institutions and Neighbourhood Support Child Care Project, this provided a stable income for the Society in service provision. Besides, the Society had continued the partnership with different funders and charities in various service projects so as to fill the service gaps for those families in need.

In the previous year, the Society had celebrated the 75th Anniversary of the Society, and various activities were held, including our 75th Anniversary Cocktail Reception for service partners in September 2024. Effort was made in the consolidation of our partnership with our strategic partners and in the community engagement on the promotion of family wellbeing. Internally, the Society had strengthened the infrastructure of central administration to address the new requirement and measures from the government and from the funders.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Business review (Continued)

Business review and performance analysis

The Society was financially stable with an increase in total income by 8.4% as compared with last year. Its major source of fund was from the subvention by Social Welfare Department ("SWD"), including LSG, which was 85.1% of the total income. The Society also obtained funding support from other government departments and different kinds of project fund and charity fund, including The Community Chest, The Hong Kong Jockey Club Charities Trust and the Lotteries Fund Grant as well as donation from individuals and corporates.

All along, the Society complies with the requirements stipulated in the SWD LSG Manual, Lotteries Fund Manual and 16 Service Quality Standards, the Best Practice Manual. The Society has policies and procedures to ensure all units observe the relevant legal obligations in their operation, including Employment Ordinance, Personal Data (Privacy) Ordinance, etc.

The Society has generally met the performance requirements agreed with its funders, including the Service Quality Standards, Essential Service Requirements, Output Standards and Outcome standards set out by the SWD. Besides, its services received positive feedback from service users.

During the year, the Society was granted different awards for its contributions:

- a) The Society was award the Certificate of Good Employer Charter 2024, and also accredited by the Panel of Judges as effectively promoting family-friendly employment practices, and was authorised to use the "Supportive Family-friendly Good Employer" logo for 2024-2026.
- b) Financial Education Centre was honoured with the "Corporate Financial Education and Environmental, Social, and Governance (ESG) Leadership (Gold Award)" by The Institute of Financial Planners of Hong Kong. Besides, the "Empowering Your Life's Second Half" Financial Education Project received the "Investor and Financial Education Award (Public / Professional Body and NGOs) - Gold Award" from the Investor and Financial Education Council.

Key relationships

- a) **Members**
Members of the Society are persons, corporates or institutional bodies who register and subscribe to the Articles of Association and pay the annual subscription. At the end of the financial year 2024/25, the Society maintained a membership of 117.
- b) **Service users**
In general, service users of the Society are families or individuals who meet the eligibility criteria for services of the Society and wish to use the Society's services. Apart from providing appropriate services to its service users, the Society also promotes a family-friendly environment and advocates policies which enhance family wellbeing. Besides, the Society took an active stance in sharing views and concerns towards relevant social issues, government policies and legislation, such as the working guideline and mechanism of the "Mandatory Reporting of Child Abuse Ordinance".

During the year, the Society offered education, preventive and remedial services for more than 591,845 beneficiaries and provided intensive service for more than 23,237 individual and family cases.

- c) **Staff**
The Society maintained a work force of over 1,281 as at 31st March 2025, comprising professional, management, administrative, frontline and support staff. The number of staff was slightly higher compared with the figure of 1,160 in 2023/24.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Business review (Continued)

Key relationships (Continued)

d) Funders and external partners

The Society has maintained close collaboration with government departments, funders and strategic partners to put joint efforts in service provision to benefit the service users and the community as a whole. During the year, the management staff served in over a hundred of committees, panels, working groups, task force, liaison groups and network meetings of different nature set up under Social Welfare Department, Social Workers Registration Board, Hong Kong Council of Social Service, Family Council, Hospital Authority and District Council etc, to advise on the development of social services, social welfare policies and issues relating to the welfare of its service users and the community as a whole. The Society continued participating in the work of Connecting Hearts which supports the development of welfare sector as a whole. All these efforts are to actualise the Society's mission to promote the wellbeing of families and foster a caring community.

Principal risks and uncertainties

With increased complexity in the external environment, it is inevitable that the Society is exposed to risk which would affect its ability to achieve the planned objectives. To manage risks and to ensure sustainable development of the Society, a Legal Support Steering Committee was formed in 2024 under the Executive Committee to advise the agency on legal compliance, risk management and related corporate governance issues. There was a progress report to the Executive Committee on a regular basis to ensure that risks are identified, appropriately assessed, mitigated and managed, and continual enhancement of its services and operations is in place.

The Society had an overall staff turnover rate at 12.5%, which recorded a decrease as compared with the figure of 17.9% last year. With the service expansion in the social welfare sector and government subvention, competition in the manpower market could not be avoided. Effort in the recruitment and retention of staff was made, particularly for social workers and health care professionals, etc. and the Society conducted annual review exercise on the remuneration package, and develop Human Resource initiatives to improve the staff welfare benefits and to promote the Society by enhancing employer branding. The Society will monitor on staff control practices due to the fluctuation in attrition rate which have impact on the finance and services. Strategies will be developed to attract and retain talents.

Future development

In the coming year, after the completion of Envisioning 2024, the Society had kick started another business cycle, including (1) Echo the societal needs and improving the family wellbeing in Hong Kong by providing quality services; (2) Capacity Building by facilitating innovation and entrepreneurship through service development ; and (3) Strengthen Central Support to enhance operation efficiency and effectiveness.

Internally, in view of the budget cut of under the implementation of Productivity Enhancement Programme of the government, the Society will develop plans and policies in reviewing service modality and staff mix to cope with a gradual budget adjustment and to ensure minimal disruption to services and uphold staff morale in the operation.

Results

The results of the Society for the year are set out in the statement of comprehensive income on page 10.

Own funds

Details of the movements in own funds of the Society during the year are set out in notes 12 to 14 to the financial statements.

HONG KONG FAMILY WELFARE SOCIETY

REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Executive Committee members

The members of the Executive Committee during the year and up to the date of this report were:

Mr. Law Kin Chung, Christopher, JP (Chairman)
Dr. Cheng Cheuk Sang, Arnold (Vice Chairman)
Mr. Cheng Shee Sing, Patrick (Honorary Treasurer)
Mrs. Choy Pun Siu Fun, Veronica, MBE, JP
Ms. Chu Choi Ming Fung, Janet
Dr. Chung See Yuen
Mrs. Kwok Leung Kit Kan, Ingrid
Ms. Lau Wing Yin, Cecilia
Mr. Loong Hon Biu, Louis
Ms. Siu Wing Yee, Sylvia, JP
Ms. Sung Ye Wan, Yvonne
Dr. Tang Sau Lim, Philip
Ms. Wong Hang Yee, Sandy, JP
Prof. Wu Che Yuen Justin
Ms. Chau Shuk King, Kitty (Chief Executive) (ex-officio)

In accordance with Article 33 of the Society's Articles of Association, the members of the Executive Committee (except ex-officio) shall be elected annually from amongst the members of the Society in the Annual General Meeting.

In accordance with Article 37 of the Society's Articles of Association, the Executive Committee may appoint not more than 4 persons to be co-opted members of the Executive Committee so that the total number of Executive Committee members shall not at any time exceed 16.

Executive Committee members' material interests in transactions, arrangements and contracts that are significant in relation to the Society's business

No transactions, arrangements and contracts of significance in relation to the Society's business to which the Society was a party and in which an Executive Committee member of the Society 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' interests in the shares and debentures of the Society or any specified undertaking of the Society

At no time during the year was the Society a party to any arrangement to enable the Executive Committee members of the Society to hold any interests in the shares or debentures of the Society or its specified undertakings.

Management contracts

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

HONG KONG FAMILY WELFARE SOCIETY
REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

Permitted indemnity provisions

A permitted indemnity provision (as defined in Section 469 of the Hong Kong Companies Ordinance (Cap. 622)) for the benefit of the Executive Committee members of the Society is currently in force and was in force throughout the year.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Executive Committee



Mr. Law Kin Chung, Christopher
Chairman

Hong Kong, 30th September 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG FAMILY WELFARE SOCIETY**
(Incorporated in Hong Kong and limited by guarantee)

Opinion

What we have audited

The financial statements of Hong Kong Family Welfare Society (the "Society"), which are set out on pages 9 to 53, comprise:

- the balance sheet as at 31st March 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in own funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 31st March 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Society 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.

Other Information

The Executive Committee members are responsible for the other information. The other information comprises the information included in the Executive Committee's report and the annual report, but does not include the financial statements and our auditor's report thereon.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG FAMILY WELFARE SOCIETY (CONTINUED)**
(incorporated in Hong Kong and limited by guarantee)

Other Information (Continued)

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.

Responsibilities of Executive Committee Members for the Financial Statements

The Executive Committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee members are responsible for assessing the Society'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 Society or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG FAMILY WELFARE SOCIETY (CONTINUED)**
(Incorporated in Hong Kong and limited by guarantee)

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

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism 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 Society'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 Society'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 Society 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 the Executive Committee members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is YEUNG, Chun Wai (practising certificate number: P05533).



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30th September 2025

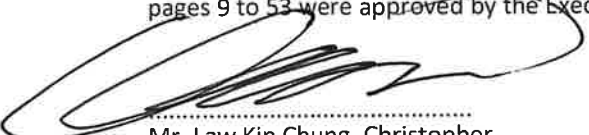
HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET

	Note	As at 31st March	
		2025	2024
Assets			
Non-current assets			
Property, plant and equipment	5	37,761,551	37,402,837
Right-of-use assets	6	21,668,060	19,375,144
Trust fund assets	8	34,722,031	32,666,779
Total non-current assets		94,151,642	89,444,760
Current assets			
Receivables from Lotteries Fund	9	7,903,055	9,798,947
Receivables from Innovation and Technology Fund and One-off Grant		145,120	465,000
Deposits, prepayments and other receivables	10	44,636,119	42,113,357
Fixed deposits with original maturity over three months	11	600,000	600,000
Cash and cash equivalents	11	301,062,726	300,199,392
Total current assets		354,347,020	353,176,696
Total assets		448,498,662	442,621,456
Funds and reserves			
Own funds			
General Fund	12	69,119,398	87,491,858
Capital Reserve	13	2,680,004	(201,764)
Designated Funds	14	49,615,619	47,602,079
Total own funds		121,415,021	134,892,173
Other reserves and trust funds			
Lump Sum Grant Reserve	15(a)	130,033,014	129,162,275
Provident Fund Reserve	15(b)	24,858,087	23,586,026
Subvented Employee Benefit Reserve	15(a) & (c)	24,815,563	22,805,536
Social Welfare Subvention Reserve	16	24,332,835	15,894,551
Trust Funds	17	34,722,031	32,666,779
Total other reserves and trust funds		238,761,530	224,115,167
Total funds and reserves		360,176,551	359,007,340
Liabilities			
Non-current liabilities			
Deferred income	18	29,692,492	26,929,141
Lease liabilities	20	14,109,602	10,273,942
Total non-current liabilities		43,802,094	37,203,083
Current liabilities			
Payables and receipts in advance	19	14,020,317	15,817,888
Home help deposits received		-	127,000
Provisions for unutilised annual leave and long service payments		2,923,790	2,256,400
Deferred income	18	19,203,490	18,468,669
Lease liabilities	20	8,372,420	9,741,076
Total current liabilities		44,520,017	46,411,033
Total liabilities		88,322,111	83,614,116
Total funds and reserves and liabilities		448,498,662	442,621,456

The above balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 9 to 53 were approved by the Executive Committee on 30th September 2025 and were signed on its behalf.


Mr. Law Kin Chung, Christopher
Chairman


Mr. Cheng Bee Sing, Patrick
Honorary Treasurer

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31st March	
		2025	2024
Income			
Government subvention		668,568,130	614,498,652
One-off subsidy from Social Welfare Department ("SWD")		102,503	50,711
Income from Lotteries Fund - Block Grant		4,781,196	4,985,917
Income from Lotteries Fund - Social Welfare Development Fund ("SWDF")		909,360	423,996
Income from Lotteries Fund - General	25	6,391,067	7,645,516
Income from Innovation and Technology Fund and One-off Grant		720,453	655,769
Back payment from SWD		2,860,551	1,852,452
Home help fees		13,679,131	13,317,687
Donation funding for specific projects from:			
- The Community Chest - Baseline Allocation		5,226,500	5,554,500
- The Hong Kong Jockey Club Charities Trust		24,638,251	22,283,419
- Other sponsors	24	24,126,691	20,272,170
Donations and income from fund raising activities		1,586,556	2,628,458
Subsidiary services and other project income		29,761,432	27,439,271
		<u>783,351,821</u>	<u>721,608,518</u>
Other income			
Dividend income		1,338,116	1,532,267
Interest income		4,199,658	4,707,361
		<u>5,537,774</u>	<u>6,239,628</u>
Total income		<u>788,889,595</u>	<u>727,848,146</u>
Expenditure			
Employee benefit expenses	21	610,624,432	576,223,070
Programme expenses	22	91,651,114	71,457,319
Premises expenses	23	14,520,797	13,402,316
Other expenses	23	60,775,119	59,330,452
Interest on lease liabilities	20	1,183,999	1,162,171
Total expenditure		<u>778,755,461</u>	<u>721,575,328</u>
Surplus and total comprehensive income for the year		<u>10,134,134</u>	<u>6,272,818</u>
Utilisation of current year's surplus:			
Surplus/(deficit) transferred to/(from):			
- General Fund	12	(12,343,403)	(5,730,611)
- Capital Reserve	13	(1,518,232)	(1,108,194)
- Designated Funds	14	384,483	717,705
- Social Welfare Lump Sum Grant Reserve	15(a)	3,330,565	(738,751)
- Social Welfare Provident Fund Reserve	15(b)	1,272,061	1,011,462
- Social Welfare Subvention Reserve	16	19,008,660	12,121,207
		<u>10,134,134</u>	<u>6,272,818</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN OWN FUNDS

	General Fund (note 12)	Capital Reserve (note 13)	Designated Funds (note 14)	Total
Balance at 1st April 2023	93,222,469	906,430	46,884,374	141,013,273
Comprehensive (loss)/income (Deficit)/surplus for the year transferred (to)/from the statement of comprehensive income	(5,730,611)	(1,108,194)	717,705	(6,121,100)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	(5,730,611)	(1,108,194)	717,705	(6,121,100)
Balances at 31st March 2024 and 1st April 2024	87,491,858	(201,764)	47,602,079	134,892,173
Comprehensive (loss)/income (Deficit)/surplus for the year transferred (to)/from the statement of comprehensive income	(12,343,403)	(1,518,232)	384,483	(13,477,152)
Transfer between reserves	(6,029,057)	4,400,000	1,629,057	-
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	(18,372,460)	2,881,768	2,013,540	(13,477,152)
Balance at 31st March 2025	69,119,398	2,680,004	49,615,619	121,415,021

The above statement of changes in funds should be read in conjunction with the accompanying notes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CASH FLOWS

		Year ended 31st March	
	Note	2025	2024
Cash flows from operating activities			
Cash generated from operations	28(a)	35,001,099	34,212,704
Refund of prior years' surplus to SWD	15 & 16	(11,020,175)	(7,962,482)
Net cash inflow from operating activities		<u>23,980,924</u>	<u>26,250,222</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(14,601,566)	(18,255,802)
Increase in bank deposits with original maturity over three months		-	55,678,389
Interest received		4,199,658	4,707,361
Net cash (outflow)/inflow from investing activities		<u>(10,401,908)</u>	<u>42,129,948</u>
Cash flows from financing activities			
Principal elements of lease payments	28(d)	(11,531,683)	(10,056,489)
Interest elements on lease payments	28(d)	(1,183,999)	(1,162,171)
Net cash outflow from financing activities		<u>(12,715,682)</u>	<u>(11,218,660)</u>
Net increase in cash and cash equivalents		863,334	57,161,510
Cash and cash equivalents at beginning of the year		300,199,392	243,037,882
Cash and cash equivalents at end of the year	11	<u><u>301,062,726</u></u>	<u><u>300,199,392</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The principal activity of Hong Kong Family Welfare Society (the "Society") is to provide welfare services. The Society was incorporated under the Hong Kong Companies Ordinance in 1978 as a company limited by guarantee. The address of its registered office is Room 2010, 20th Floor, Southorn Centre, 130 Hennessy Road, Wanchai, Hong Kong.

Under the provisions of the Society's Articles of Association, every member shall, in the event of the Society being wound up, contribute to the assets of the Society to the extent of HK\$10. At 31st March 2025, the Society had 117 (2024: 120) members.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 Basis of preparation

The financial statements of the Society have been prepared in accordance with HKFRS Accounting Standards which term collectively includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKASs") and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI") included in trust fund assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Society's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

- (a) New and amended standards, interpretations, annual improvement and accounting guideline to the existing HKFRSs (collectively, the "Amendments") adopted by the Society

The Society has applied the following Amendments for the first time for its annual reporting period commencing on 1st April 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The adoption of these Amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (Continued)

(b) Amendments that are not yet effective and have not been early adopted by the Society

Certain Amendments have been published that are mandatory for the Society's reporting periods beginning on or after 1st April 2025. However, they have not been early adopted in these financial statements:

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ²
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

Note:

(1) Effective for annual reporting period beginning on 1st April 2025

(2) Effective for annual reporting period beginning on 1st April 2026

(3) Effective for annual reporting period beginning on 1st April 2027

(4) Effective for annual reporting period beginning on or after a date to be determined

The Society has already commenced an assessment of the impact of these Amendments. According to the preliminary assessment made by the Executive Committee members, no significant impact on the financial performance and position of the Society is expected when they become effective.

3 Financial and fund risks management

3.1 Financial risk factors

The Society's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, cash flow interest rate risk and price risk. The Society's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Society's financial performance.

(a) Foreign exchange risk

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Society's functional and presentation currency.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Society's functional currency. The Society has minimal exposure to foreign currency exchange rate risk as transactions are mainly denominated in Hong Kong dollars. Accordingly, no sensitivity analysis is performed.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Society has policies in place for the controlling and monitoring of its credit risk. The credit risk of the Society is attributable to receivables from Lotteries Fund and Innovation and Technology Fund, deposits and other receivables, fixed deposits with original maturity over three months and cash and cash equivalents.

The credit risk of receivables from Lotteries Fund and Innovation and Technology Fund; and deposits and other receivables is limited as the counterparties are either the SWD or reputable organisations have no past history of default in payments. Besides, the Executive Committee members have closely monitored the receivable balances on an ongoing basis so as to minimise collection exposure.

The Society's financial assets are subject to the expected credit loss model. While cash at banks are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as they are mainly deposited in reputable and creditworthy banks.

The Society applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

To measure the expected credit loss, receivables have been grouped on shared credit risk characteristics and the day past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced over a period of past 12 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

On this basis, the loss allowance as at 31st March 2025 and 2024 was considered immaterial.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and the availability of funding from SWD to meet its financial commitments. The Executive Committee members are of the opinion that the Society does not have significant liquidity risk.

The table below analyses the Society's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	2025	2024
Less than 1 year or on demand		
Payables (note 19)	3,951,397	4,820,740
Home help deposits received	-	127,000
Undiscounted lease liabilities (note 20)	9,401,960	10,618,765
	<u>13,353,357</u>	<u>15,566,505</u>
More than 1 year and less than 5 years		
Undiscounted lease liabilities (note 20)	14,930,651	11,283,250
	<u>28,284,008</u>	<u>26,849,755</u>

(d) Cash flow interest rate risk

Other than bank deposits, the Society has no other significant interest-bearing assets and liabilities. The Society's income and operating cash flows are substantially independent of changes in market interest rates.

At 31st March 2025, if interest rates on bank deposits of the Society and trust fund assets had been 50 basis points (2024: 50 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately HK\$1,429,000 (2024: HK\$1,440,000) higher/lower and trust funds would have been approximately HK\$48,000 (2024: HK\$48,000) higher/lower, as a result of higher/lower interest income on the bank deposits.

(e) Price risk

The investments held by the Society, that are classified in the balance sheet as FVOCI included in trust fund assets, are subject to equity securities price risk.

At 31st March 2025, if equity price of the investments had increased/decreased by 5% (2024: 5%) with all other variables held constant, trust fund assets and trust funds would have been increased/decreased by approximately HK\$1,255,000 (2024: HK\$1,156,000), as a result of higher/lower fair value of FVOCI.

3.2 Fund risk management

The Society's objectives when managing own funds are to safeguard the Society's ability to continue as a going concern and to have sufficient funding for its future operations. The Society's overall strategy remains unchanged from prior years.

The own funds of the Society comprise General Fund, Capital Reserve and Designated Funds.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Society has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	2025	2024
<u>Recurring fair value measurements</u>		
Level 1		
FVOCI included in Trust fund assets (note 8)	25,105,604	23,129,578

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Society is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on society-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Valuation technique used to determine fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Society is the current bid price. These instruments are included in level 1.

(c) The carrying value less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Society for similar financial instruments.

3.4 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made as there are no netting arrangements in place during the year.

NOTES TO THE FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sale calculations. The calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment, including the consideration of the expected market conditions in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sale and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Society's financial position and results of operations.

(b) Estimated impairment of financial assets

The Society makes provision for financial assets based on assumptions about risk of default and expected loss rates. In determining the expected credit loss rate, the Society uses data such as internal historical credit loss experience and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Society include the risk of economic downturn, the external market environment and changes in customer conditions. The Society regularly monitors and reviews assumptions related to the calculation of expected credit losses. While the provision is considered appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of provision recorded and consequently on the charge or credit to profit or loss. In the opinion of the Executive Committee members, the expected credit loss is immaterial as at 31st March 2025.

(c) Estimated incremental borrowing rate ("IBR")

The Society cannot readily determine the interest rate implicit in its leases, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Society would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Society 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Society estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Society's stand-alone credit rating).

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment

	Leasehold improvements	Furniture, fixtures and equipment	Air-conditioners	Motor vehicles	Construction in progress	Total
At 1st April 2023						
Cost	77,122,421	24,560,398	3,301,979	17,370,615	2,897,745	125,253,158
Accumulated depreciation	(56,188,688)	(17,896,516)	(2,286,244)	(16,185,663)	-	(92,557,111)
Net book amount	20,933,733	6,663,882	1,015,735	1,184,952	2,897,745	32,696,047
Year ended 31st March 2024						
Opening net book amount	20,933,733	6,663,882	1,015,735	1,184,952	2,897,745	32,696,047
Additions	9,008,665	2,543,769	446,640	-	6,256,728	18,255,802
Transfers	7,072,399	422,601	-	-	(7,495,000)	-
Disposals (note 28(b))	(7,327)	(31,148)	-	-	-	(38,475)
- Cost	(66,387)	(1,399,721)	(152,180)	-	-	(1,618,288)
- Accumulated depreciation	59,060	1,368,573	152,180	-	-	1,579,813
Depreciation (note 23)	(8,813,968)	(3,667,326)	(559,040)	(470,203)	-	(13,510,537)
Closing net book amount	28,193,502	5,931,778	903,335	714,749	1,659,473	37,402,837
At 31st March 2024						
Cost	93,137,098	26,127,047	3,596,439	17,370,615	1,659,473	141,890,672
Accumulated depreciation	(64,943,596)	(20,195,269)	(2,693,104)	(16,655,866)	-	(104,487,835)
Net book amount	28,193,502	5,931,778	903,335	714,749	1,659,473	37,402,837

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment (Continued)

	Leasehold improvements	Furniture, fixtures and equipment	Air- conditioners	Motor vehicles	Construction in progress	Total
Year ended 31st March 2025						
Opening net book amount	28,193,502	5,931,778	903,335	714,749	1,659,473	37,402,837
Additions	8,185,143	3,499,559	435,040	-	2,481,824	14,601,566
Transfers	1,679,933	1,349,830	-	-	(3,029,763)	-
Disposals (note 28(b))	(120,300)	(6,756)	-	-	-	(127,056)
- Cost	(375,340)	(1,318,458)	(64,020)	-	-	(1,757,818)
- Accumulated depreciation	255,040	1,311,702	64,020	-	-	1,630,762
Depreciation (note 23)	(9,410,504)	(3,685,142)	(601,760)	(418,390)	-	(14,115,796)
Closing net book amount	28,527,774	7,089,269	736,615	296,359	1,111,534	37,761,551
At 31st March 2025						
Cost	102,627,634	29,657,978	3,967,459	17,370,615	1,111,534	154,735,220
Accumulated depreciation	(74,099,860)	(22,568,709)	(3,230,844)	(17,074,256)	-	(116,973,669)
Net book amount	28,527,774	7,089,269	736,615	296,359	1,111,534	37,761,551

Depreciation methods and useful lives

Depreciation of leasehold improvements is calculated to write off their cost less impairment losses over the unexpired periods of the leases or their expected useful lives of 5 years, whichever is shorter. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, to their residual values over their estimated useful lives, as follows:

Furniture, fixtures and equipment	3 - 5 years
Air-conditioners	3 years
Motor vehicles	5 years

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment (Continued)

Depreciation methods and useful lives (Continued)

No depreciation is made on assets under construction in progress until such time when the relevant assets are available for their intended use.

Depreciation expense of HK\$14,115,796 (2024: HK\$13,510,537) has been charged in other expenses.

See note 30.2 for the other accounting policies relevant to property, plant and equipment.

6 Right-of-use assets

	Offices and service centers
At 1st April 2023	
Cost	38,352,558
Accumulated depreciation	(24,356,471)
	<hr/>
Net book amount	13,996,087
	<hr/> <hr/>
Year ended 31st March 2024	
Opening net book amount	13,996,087
Additions and modifications	15,646,513
Depreciation (note 23)	(10,267,456)
	<hr/>
Closing net book amount	19,375,144
	<hr/> <hr/>
At 31st March 2024	
Cost	53,999,071
Accumulated depreciation	(34,623,927)
	<hr/>
Net book amount	19,375,144
	<hr/> <hr/>
Year ended 31st March 2025	
Opening net book amount	19,375,144
Additions and modifications	13,998,687
Depreciation (note 23)	(11,705,771)
	<hr/>
Closing net book amount	21,668,060
	<hr/> <hr/>
At 31st March 2025	
Cost	67,997,758
Accumulated depreciation	(46,329,698)
	<hr/>
Net book amount	21,668,060
	<hr/> <hr/>

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

6 Right-of-use assets (Continued)

Details of the maturity analysis of lease liabilities and total cash outflow for leases in 2025 are set out in notes 20 and 28(d) respectively.

The Society's leasing activities and how these are accounted for

The Society leases offices and service centers. Rental contracts are typically made for fixed period of 1 to 3 years with no extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose covenants, but lease assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Society allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Society, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Society:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Society, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Society is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Variable lease payments are not included as part of the measurement and initial recognition of the lease liability. The Society shall recognise those lease payments in the statement of comprehensive income in the periods that triggered those lease payments.

Payments associated with short-term leases of office premises and service centres and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office premises and service centres.

See note 30.15 for the other accounting policies relevant to leases.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

7 Financial instruments by category

The Society holds the following financial instruments:

	Financial assets at amortised cost	FVOCI	Total
31st March 2025			
Financial assets			
Trust fund assets (note 8)	9,616,427	25,105,604	34,722,031
Receivables from Lotteries Fund (note 9)	7,903,055	-	7,903,055
Receivables from Innovation and Technology Fund and One-off Grant	145,120	-	145,120
Deposits and other receivables (note 10)	39,427,076	-	39,427,076
Fixed deposits with original maturity over three months (note 11)	600,000	-	600,000
Cash and cash equivalents (note 11)	301,062,726	-	301,062,726
	<u>358,754,404</u>	<u>25,105,604</u>	<u>383,860,008</u>
31st March 2024			
Financial assets			
Trust fund assets (note 8)	9,537,201	23,129,578	32,666,779
Receivables from Lotteries Fund (note 9)	9,798,947	-	9,798,947
Receivables from Innovation and Technology Fund	465,000	-	465,000
Deposits and other receivables (note 10)	38,144,394	-	38,144,394
Fixed deposits with original maturity over three months (note 11)	600,000	-	600,000
Cash and cash equivalents (note 11)	300,199,392	-	300,199,392
	<u>358,744,934</u>	<u>23,129,578</u>	<u>381,874,512</u>
		2025	2024
Financial liabilities at amortised cost			
Payables (note 19)		3,951,397	4,820,740
Home help deposits received		-	127,000
Lease liabilities (note 20)		22,482,022	20,015,018
		<u>26,433,419</u>	<u>24,962,758</u>

The Society's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

8 Trust fund assets

	2025	2024
FVOCI		
Equity securities, at market value		
- listed in Hong Kong	25,105,604	23,129,578
Bank balances and cash	9,616,427	9,537,201
	<u>34,722,031</u>	<u>32,666,779</u>
Total trust fund assets	<u>34,722,031</u>	<u>32,666,779</u>
Represented by:		
Investment costs	1,093,572	1,093,572
Fixed deposits with original maturity over three months	7,470,755	7,166,063
Other bank balances and cash	2,145,672	2,371,138
Revaluation surplus on FVOCI	24,012,032	22,036,006
	<u>34,722,031</u>	<u>32,666,779</u>

(a) Classification of financial assets at FVOCI

FVOCI comprise equity securities which are not held for trading and which the Society has irrevocably elected at initial recognition to recognise in this category.

(b) Equity investments at FVOCI

	2025	2024
Non-current assets		
- Listed equity securities, at market value	25,105,604	23,129,578
	<u>25,105,604</u>	<u>23,129,578</u>

(c) Information about the methods and assumptions used in determining fair value is provided in note 3.3. The fair value of the financial assets is determined by the Executive Committee members by reference to the market value as at the balance sheet date.

Trust fund assets are denominated in Hong Kong dollars.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

9 Receivables from Lotteries Fund

	Sub-base of	IFSC North Point Centre Fitting-out Works for Reprovisioning	EHCCS Sham Shui Po Service Centre Fitting-out Works	School Social Work Office in North Point Fitting-out Works	EHCCS Sham Shui Po Service Centre Furniture and Equipment for Reprovisioning	Sub-total to next page
At 1st April 2023		154,252	77,000	-	-	231,252
Add: Expenditure incurred during the year		2,691,906	3,314,870	3,405,921	138,032	9,550,729
Less: Funds received during the year		(77,000)	-	-	-	(77,000)
At 31st March 2024 and 1st April 2024		154,252	2,691,906	3,405,921	138,032	9,704,981
Add: Expenditure incurred during the year		-	-	611,627	-	611,627
Less: Funds received during the year		-	-	(3,541,411)	(138,032)	(6,690,613)
At 31st March 2025		154,252	2,691,906	476,137	-	3,625,995

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**9 Receivables from Lotteries Fund (Continued)**

	Sub-total from previous page	School Social Work Office in North Point Furniture and Equipment for Reprovisioning	Sub-base of Kowloon City Centre for Active Ageing in To Kwa Wan Furniture and Equipment	Sub-base of Kowloon City Centre for Active Ageing in To Kwa Wan Fitting-out Works	Total
At 1st April 2023	231,252	-	-	-	231,252
Add: Expenditure incurred during the year	9,550,729	93,966	-	-	9,644,695
Less: Funds received during the year	(77,000)	-	-	-	(77,000)
At 31st March 2024 and 1st April 2024	9,704,981	93,966	-	-	9,798,947
Add: Expenditure incurred during the year	611,627	713,267	317,145	4,277,060	5,919,099
Less: Funds received during the year	(6,690,613)	(807,233)	(317,145)	-	(7,814,991)
At 31st March 2025	3,625,995	-	-	4,277,060	7,903,055

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

10 Deposits, prepayments and other receivables

	2025	2024
Utility and other deposits	3,861,489	3,235,879
Other receivables	35,565,587	34,908,515
	<u>39,427,076</u>	<u>38,144,394</u>
Financial assets	39,427,076	38,144,394
Prepayments	5,209,043	3,968,963
	<u>44,636,119</u>	<u>42,113,357</u>

As at 31st March 2025, the Executive Committee members considered that the expected credit loss for deposits and other receivables was immaterial thus no loss allowance was made.

The balances do not contain impaired assets. The Society does not hold any collateral as security.

The carrying amounts of deposits and other receivables approximate their fair values as at 31st March 2025 and 2024, and are denominated in Hong Kong dollars.

11 Fixed deposits with original maturity over three months and cash and cash equivalents

	2025	2024
Fixed deposits with original maturity over three months	600,000	600,000
Cash and cash equivalents		
- Cash at banks and in hand	301,062,726	300,199,392
	<u>301,662,726</u>	<u>300,799,392</u>
	<u>301,361,326</u>	<u>300,503,992</u>
Maximum exposure to credit risk	<u>301,361,326</u>	<u>300,503,992</u>

The carrying amounts of fixed deposits with original maturity over three months and cash and cash equivalents are denominated in Hong Kong dollars.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**12 General Fund**

	2025	2024
At 1st April	87,491,858	93,222,469
Deficit transferred to the statement of comprehensive income	(12,343,403)	(5,730,611)
Transfer to Capital Reserve (note 13)	(4,400,000)	-
Transfer to Designated Funds (note 14)	(1,629,057)	-
At 31st March	<u>69,119,398</u>	<u>87,491,858</u>

General Fund is used to finance the subvented and unsubvented activities of the Society. All the income and expenditure of this fund are accounted for in the statement of comprehensive income. Any surpluses/deficits are transferred from the statement of comprehensive income to this fund.

13 Capital Reserve

	2025	2024
At 1st April	(201,764)	906,430
Deficit transferred to the statement of comprehensive income	(1,518,232)	(1,108,194)
Transfer from General Fund (note 12)	4,400,000	-
At 31st March	<u>2,680,004</u>	<u>(201,764)</u>

Capital Reserve represents the fund set aside from General Fund for the purpose of funding any unsubvented capital expenditure which may be required for the development of the Society. The expenditure relating to this reserve is directly dealt with in the statement of comprehensive income and then transferred from the statement of comprehensive income to this reserve.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds	P. S. Cassidy and Sir Douglas Clague Charitable Donation (note a)	Carer Support and Elderly Service (note b)	Staff Welfare Fund (note c)	Family Psychiatric Consultation Service (note d)	HOCC Education Grant (note e)	Innovative Services of Love for Family (note f)	Sub-total to next page
At 1st April 2023	32,920,942	3,008,021	445,371	21,511	110,383	2,342,802	38,849,030
Surplus/(deficit) transferred from/(to) the statement of comprehensive income	1,777,065	14,750	(986,175)	-	(72,266)	(118,935)	614,439
Transfer of account	-	-	-	-	-	68,160	68,160
At 31st March 2024 and 1st April 2024	34,698,007	3,022,771	(540,804)	21,511	38,117	2,292,027	39,531,629
Surplus/(deficit) transferred from/(to) the statement of comprehensive income	1,566,635	47,643	(736,941)	-	(5,000)	(76,740)	795,597
Transfer of account	-	-	1,400,000	-	-	12,500	1,412,500
At 31st March 2025	36,264,642	3,070,414	122,255	21,511	33,117	2,227,787	41,739,726

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds (Continued)

	Sub-total from previous page	The Zonta White House (note g)	Family Emergency Assistance Relief Grant (note h)	Yi Shan Asia Charity Limited (note i)	Others (note j)	Total
At 1st April 2023	38,849,030	1,409,795	1,424,272	(87,000)	5,288,277	46,884,374
Surplus/(deficit) transferred from/(to) the statement of comprehensive income	614,439	(404,844)	(1,436,005)	14,606	1,929,509	717,705
Transfer of account	68,160	-	-	-	(68,160)	-
At 31st March 2024 and 1st April 2024	39,531,629	1,004,951	(11,733)	(72,394)	7,149,626	47,602,079
Surplus/(deficit) transferred from/(to) the statement of comprehensive income	795,597	(1,234,008)	1,043,991	21,394	(242,491)	384,483
Transfer of account	1,412,500	229,057	-	-	(12,500)	1,629,057
At 31st March 2025	41,739,726	-	1,032,258	(51,000)	6,894,635	49,615,619

Designated Funds represent funds set aside from the General Fund for the designated unsubvented activities. The income and expenditure relating to these designated funds are directly dealt with in the statement of comprehensive income. Any net surpluses or deficits relating to these funds are transferred from the statement of comprehensive income to these Designated Funds.

Upon the completion of the activities of the respective Designated Funds, the unused or deficient balances are transferred to General Fund.

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

14 Designated Funds (Continued)

- (a) P. S. Cassidy and Sir Douglas Clague Charitable Donation
Represent dividend and interest income from the P. S. Cassidy and Sir Douglas Clague Charitable Donation, and is designated for providing the improvement of services.
- (b) Carer Support and Elderly Service
Represent funds designated to support services for carers and elderly.
- (c) Staff Welfare Fund
Represent funds designated for staff welfare and training purposes.
- (d) Family Psychiatric Consultation Service
Represent funds designated to provide psychiatric consultation service for families.
- (e) HOCC Education Grant
Represent funds designated to provide financial assistance to the deprived children in their education ventures.
- (f) Innovative Services of Love for Family
Represent funds designated to develop the innovative services to meet the service gaps and promote a caring community for family service, youth service and carers support service.
- (g) The Zonta White House
Represent funds designated for the refurbishment and recurrent costs of the Family Retreat Centre.
- (h) Family Emergency Assistance Relief Grant
Represent funds designated to provide emergency financial assistance to the families that are suffering from crisis and assist them to reconstruct normal family functions.
- (i) Yi Shan Asia Charity Limited
Represent funds designated to help families in need of financial support. These families who have been hovering between the middle and lower class and the poverty line are helplessly set back by the epidemic and are stuck in a financial quagmire.
- (j) Others
Represent the funds other than those mentioned above.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**15 Lump Sum Grant, Provident Fund and Subvented Employee Benefit Reserves**

	Lump Sum Grant Reserve (note a)	Provident Fund Reserve (note b)	Subvented Employee Benefit Reserve (notes a & c)	Total
At 1st April 2023	129,973,730	22,288,457	23,327,105	175,589,292
Surplus/(deficit) transferred from/(to) the statement of comprehensive income	(738,751)	1,011,462	-	272,711
Transfer to Social Welfare Subvention Reserve (note 16)	-	-	(196,968)	(196,968)
Transfer	(72,704)	397,305	(324,601)	-
Refund of prior years' surplus to SWD	-	(111,198)	-	(111,198)
At 31st March 2024 and 1st April 2024	129,162,275	23,586,026	22,805,536	175,553,837
Surplus transferred from the statement of comprehensive income	3,330,565	1,272,061	-	4,602,626
Transfer to Social Welfare Subvention Reserve (note 16)	-	-	(449,799)	(449,799)
Transfer	(2,459,826)	-	2,459,826	-
At 31st March 2025	130,033,014	24,858,087	24,815,563	179,706,664

Lump sum grant was implemented by SWD to cover certain approved expenditures including staff costs, provident fund contributions and other expenditure. Any unspent lump sum grant for the year is transferred from the statement of comprehensive income to the respective designated lump sum grant reserves included in Social Welfare Lump Sum Grant Reserves and Social Welfare Subvention Reserve in note 16 for the Society's future use.

- (a) These reserves represent the unspent lump sum grants which according to Rule 2.33 of the "Social Welfare Services Lump Sum Grant Manual" must be kept in a separate interest-bearing account and is capped at 25% of the Society's relevant annual lump sum grant operating expenditure. These reserves can be used at the discretion of the Society subject to these reserves must be used on Funding and Service Agreement activities and the related support services, and any amount above the 25% cap needs to be refunded to the SWD in the following financial year. However, with reference to a letter from SWD dated 1st November 2007, the cumulative Lump Sum Grant Reserve and Subvented Employee Benefit Reserve as at 31st March 2008 are not subject to claw back.
- (b) Provident Fund Reserve can only be used for provident fund commitments in respect of Funding and Service Agreements activities and the related support services.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

15 Social Welfare Lump Sum Grant Reserves (Continued)

(c) Subvented Employee Benefit Reserve is represented by:

	2025	2024
Employee entitlements to unutilised annual leave	23,503,016	21,416,844
Employee entitlements to long service payments	1,312,547	1,388,692
	<u>24,815,563</u>	<u>22,805,536</u>

Approximately 89% (2024: 91%) of the Society's employee benefits are subsidised by the SWD. The Executive Committee of the Society decided to support the employee entitlements to unutilised annual leave and long service payments as a result of services rendered by the subvented employees up to the balance sheet date by transferring the estimated amount from the unspent Lump Sum Grant Reserve to the Subvented Employee Benefit Reserve and Social Welfare Subvention Reserve.

16 Social Welfare Subvention Reserve

	Central items reserve	Rent and rates reserve	Interest received	Total
At 1st April 2023	11,542,935	(267,580)	152,305	11,427,660
Surplus/(deficit) transferred from/(to) the statement of comprehensive income	12,250,322	(129,115)	-	12,121,207
Transfer from Social Welfare Lump Sum Grant Reserves (note 15)	196,968	-	-	196,968
Refund of prior years' surplus to SWD	(7,333,524)	(517,760)	-	(7,851,284)
	<u>16,656,701</u>	<u>(914,455)</u>	<u>152,305</u>	<u>15,894,551</u>
At 31st March 2024 and 1st April 2024	16,656,701	(914,455)	152,305	15,894,551
Surplus/(deficit) transferred from/(to) the statement of comprehensive income	20,025,256	(1,016,596)	-	19,008,660
Transfer from Social Welfare Lump Sum Grant Reserves (note 15)	449,799	-	-	449,799
Refund of prior years' surplus to SWD	(10,224,816)	(795,359)	-	(11,020,175)
	<u>26,906,940</u>	<u>(2,726,410)</u>	<u>152,305</u>	<u>24,332,835</u>
At 31st March 2025	<u>26,906,940</u>	<u>(2,726,410)</u>	<u>152,305</u>	<u>24,332,835</u>

These reserves cannot be used without the prior approval of the Executive Committee.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

17 Trust Funds (Continued)

(a) Arthur Edmondson Quinn Memorial Trust

Represent funds available for further or specialist training to staff.

(b) P.S. Cassidy and Sir Douglas Clague Charitable Donation

Represent the capital portion of the fund. According to the trust deed, the Society has to maintain the capital portion of the fund and can apply the income derived from the fund for charitable purposes of the Society. Accordingly, the interest income and dividend income derived from the fund are transferred to the statement of comprehensive income.

(c) Benefactors Fund

Represent donations received for providing assistance to needy families and individuals.

(d) Individual sponsorships and others

Represent funds held in trust for use on behalf of clients or other designated purposes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income

	Lotteries Fund Block Grant Reserve (note a)	Deferred income on property, plant and equipment (note b)	SWDF (note c)	Deferred income on projects	Total
<u>Year ended 31st March 2024</u>					
Allocation from LFBG during the year	8,495,000	-	-	-	8,495,000
Sponsorship/grant received during the year	-	10,343,706	-	38,208,474	48,552,180
Other income	25,850	-	-	-	25,850
Interest income received	66,514	-	9,128	29,779	105,421
Expenditure incurred during the year	(1,973,778)	-	-	(36,352,928)	(38,326,706)
Depreciation on property, plant and equipment	(3,082,663)	(7,459,025)	(433,124)	-	(10,974,812)
Loss on disposal of property, plant and equipment	(21,840)	(9,308)	-	-	(31,148)
	<u>3,509,083</u>	<u>2,875,373</u>	<u>(423,996)</u>	<u>1,885,325</u>	<u>7,845,785</u>
Increase/(decrease) for the year	16,683,450	16,682,080	1,403,186	2,783,309	37,552,025
At 1st April 2023	<u>20,192,533</u>	<u>19,557,453</u>	<u>979,190</u>	<u>4,668,634</u>	<u>45,397,810</u>
Represented by:					
Unspent balance (note 18(a))	11,599,694	-	552,835	4,668,634	16,821,163
Depreciative property, plant and equipment	8,592,839	19,557,453	426,355	-	28,576,647
	<u>20,192,533</u>	<u>19,557,453</u>	<u>979,190</u>	<u>4,668,634</u>	<u>45,397,810</u>
Current portion	7,067,386	6,453,957	822,520	4,124,806	18,468,669
Non-current portion	13,125,147	13,103,496	156,670	543,828	26,929,141
	<u>20,192,533</u>	<u>19,557,453</u>	<u>979,190</u>	<u>4,668,634</u>	<u>45,397,810</u>

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income (Continued)

	Lotteries Fund Block Grant Reserve (note a)	Deferred income on property, plant and equipment (note b)	SWDF (note c)	Deferred income on projects	Total
Year ended 31st March 2025					
Allocation from LFBG during the year	9,023,000	-	-		9,023,000
Sponsorship/grant received during the year	-	6,219,507	-	38,412,570	44,632,077
Other income	(300)	-	-	-	(300)
Interest income received	71,243	-	1,603	12,496	85,342
Expenditure incurred during the year	(1,411,758)	-	(554,438)	(37,256,107)	(39,222,303)
Depreciation on property, plant and equipment	(3,434,810)	(7,102,440)	(356,524)	-	(10,893,774)
Loss on disposal of property, plant and equipment	(5,570)	(120,300)	-	-	(125,870)
At 1st April 2024					
Increase/(decrease) for the year	4,241,805	(1,003,233)	(909,359)	1,168,959	3,498,172
At 1st April 2024	20,192,533	19,557,453	979,190	4,668,634	45,397,810
At 31st March 2025	24,434,338	18,554,220	69,831	5,837,593	48,895,982
Represented by:					
Unspent balance (notes (a) and (c))	15,461,548	-	-	5,837,593	21,299,141
Depreciative property, plant and equipment	8,972,790	18,554,220	69,831	-	27,596,841
	24,434,338	18,554,220	69,831	5,837,593	48,895,982
Current portion	8,552,018	6,493,977	69,831	4,087,664	19,203,490
Non-current portion	15,882,320	12,060,243	-	1,749,929	29,692,492
	24,434,338	18,554,220	69,831	5,837,593	48,895,982

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**18 Deferred income (Continued)****(a) Lotteries Fund Block Grant Reserve**

Lotteries Fund Block Grant Reserve represents lump sum government grants for replenishment of furniture and equipment and minor works for existing premises providing subvented welfare services.

Movement of the unspent balance of Lotteries Fund Block Grant Reserve are as below:

	2025	2024
Balance as at 1st April	11,599,694	8,934,714
Add: Block Grant received during the year	9,023,000	8,495,000
Interest income received	71,243	66,514
Other income	(300)	25,850
	<u>9,093,943</u>	<u>8,587,364</u>
Less: Expenditure during the year		
Minor Works Projects	(2,790,817)	(2,976,614)
Furniture & Equipment	(2,159,527)	(2,640,460)
Vehicle Overhauling	(281,745)	(305,310)
	<u>(5,232,089)</u>	<u>(5,922,384)</u>
Balance as at 31st March	<u>15,461,548</u>	<u>11,599,694</u>

Capital Commitments

As at 31st March, the outstanding commitments in respect of F&E Replenishment and Minor Works Block Grant were as follows:

	2025	2024
Contracted for but not provided in the accompanying financial statements	<u>91,800</u>	<u>-</u>

(b) Deferred income on property, plant and equipment

Grants or donations received relating to purchases of property, plant and equipment are deferred and recognised on a straight-line basis over the expected lives of the related assets.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred income (Continued)

(c) SWDF

SWDF supports training and professional development, capacity enhancement initiatives, and service delivery enhancement studies of the subvented services under Phase 3.

Movement of unspent balance of SWDF funded by Lotteries Fund are as below:

Use of SWDF Phase 3

	2025	2024
Balance as at 1st April	552,835	543,707
Interest income received	1,603	9,128
	<u> </u>	<u> </u>
Expenditure during the year		
Recovery of surplus fund	(554,438)	-
	<u> </u>	<u> </u>
Total expenditure during the year	(554,438)	-
	<u> </u>	<u> </u>
Balance as at 31st March	-	552,835
	<u> </u>	<u> </u>

19 Payables and receipts in advance

	2025	2024
Payables	3,951,397	4,820,740
Receipts in advance	10,068,920	10,997,148
	<u> </u>	<u> </u>
	<u>14,020,317</u>	<u>15,817,888</u>

The carrying amounts of payables approximate their fair values as at 31st March 2025 and 2024, and are denominated in Hong Kong dollars.

20 Lease liabilities

	2025	2024
Current	8,372,420	9,741,076
Non-current	14,109,602	10,273,942
	<u> </u>	<u> </u>
	<u>22,482,022</u>	<u>20,015,018</u>
	<u> </u>	<u> </u>
Minimum lease payments		
- Within one year	9,401,960	10,618,765
- Over one year and less than five years	14,930,651	11,283,250
	<u> </u>	<u> </u>
	<u>24,332,611</u>	<u>21,902,015</u>
Less: Total future interest expenses	(1,850,589)	(1,886,997)
	<u> </u>	<u> </u>
Present value of lease liabilities	<u>22,482,022</u>	<u>20,015,018</u>

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS**20 Lease liabilities (Continued)**

The nature of the Society's leasing activities by type of right-of-use assets recognised on balance sheet is detailed in note 6.

Interest expense of HK\$1,183,999 (2024: HK\$1,162,171) has been charged in the statement of comprehensive income.

21 Employee benefit expense

	2025	2024
Salaries	562,691,057	530,766,225
Pension costs - defined contribution scheme and MPF scheme	43,763,238	42,189,052
Staff welfare and other benefits	3,502,747	3,371,187
Provision/(reversal of provision) for unutilised annual leave and long service payments	667,390	(103,394)
Total	<u>610,624,432</u>	<u>576,223,070</u>

22 Programme expenses

These are expenses incurred for, or relating to, programmes carried out by the Society. These include advertising, printing and stationery, miscellaneous administrative expenses and rental for venues used in carrying out the programmes.

23 Premises and other expenses

	2025	2024
Auditor's remuneration - audit services	558,307	508,500
Depreciation		
- Property, plant and equipment (note 5)	14,115,796	13,510,537
- Right-of-use assets (note 6)	11,705,771	10,267,456
Electricity	3,116,298	3,207,154
Insurance	4,930,485	5,083,776
Loss on disposal of property, plant and equipment (note 28(b))	127,056	38,475
Nursing care consumables	8,697,085	9,320,729
Operating lease (including non-lease components, low value and short-term lease) in respect of office premises and service centres	6,150,769	5,122,655
Repairs and maintenance	8,429,778	8,467,045
Rent concessions	-	(76,500)
Telephone charges	2,218,684	2,354,031
Travelling	915,051	921,070
Training, courses and workshop	3,727,305	3,077,948
Printing and stationery	1,821,050	1,657,340
Others	8,782,481	9,272,552
Total	<u>75,295,916</u>	<u>72,732,768</u>

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**24 Donation funding for specific projects**

Included in donation funding for specific projects from “other sponsors” are the following programmes of which the relevant income and expenditure are summarised as below:

(a) EDB-School-based After-school Support Programmes

Year ended 31st March 2025

	Period from 1st April 2024 to 31st July 2024 (School Year 2023/24)		Total
	HKE2306	KWT2306	
Income			
- Funds received from Education Bureau	42,345	69,894	112,239
- Fee income received	-	129,182	129,182
	<u>42,345</u>	<u>199,076</u>	<u>241,421</u>
Expenditure			
- Staff costs	(19,671)	(91,452)	(111,123)
- Programme expenses	(40,975)	(76,362)	(117,337)
	<u>(60,646)</u>	<u>(167,814)</u>	<u>(228,460)</u>
Net (deficit)/surplus	<u>(18,301)</u>	<u>31,262</u>	<u>12,961</u>

Year ended 31st March 2024

	Period from 1st April 2023 to 31st July 2023 (School Year 2022/23)		Period from 1st August 2023 to 31st March 2024 (School Year 2023/24)		Total
	HKE2206	KWT2213	HKE2306	KWT2306	
Income					
- Funds received from Education Bureau	18,324	-	119,957	184,958	323,239
- Fee income received	-	123,210	-	-	123,210
	<u>18,324</u>	<u>123,210</u>	<u>119,957</u>	<u>184,958</u>	<u>446,449</u>
Expenditure					
- Staff costs	(21,229)	(101,758)	(64,188)	(190,750)	(377,925)
- Programme expenses	(62,010)	(37,283)	(37,468)	(25,471)	(162,232)
	<u>(83,239)</u>	<u>(139,041)</u>	<u>(101,656)</u>	<u>(216,221)</u>	<u>(540,157)</u>
Net (deficit)/surplus	<u>(64,915)</u>	<u>(15,831)</u>	<u>18,301</u>	<u>(31,263)</u>	<u>(93,708)</u>

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**24 Donation funding for specific projects (Continued)****(b) Programmes from Community Care Fund**

Hong Kong Family Welfare Society has complied with the requirements as stipulated by SWD and Community Care Fund on implementing the Programme.

	Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families Phase IV	
	2025	2024
Funds received	-	7,920
Expenditure	-	(81,540)
Net (deficit)	-	(73,620)

(c) Programmes from SWD

Hong Kong Family Welfare Society has complied with the requirements as stipulated by SWD on implementing the Programme.

	Scheme on Living Allowance for Careres of Elderly Persons from Low-income Families	
	2025	2024
Funds received	51,500	20,000
Expenditure	(58,500)	-
Net (deficit)/surplus	(7,000)	20,000

(d) Programmes from The Community Chest

	"Parade of Lights" – Pilot Project on "Child-focused" Intervention Programme for Children Facing Parental Conflicts/ Separation or Divorce	
	2025	2024
Funds received	-	-
Expenditure	-	(2,410)
Net (deficit)	-	(2,410)

HONG KONG FAMILY WELFARE SOCIETY

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NOTES TO THE FINANCIAL STATEMENTS

24 Donation funding for specific projects (Continued)

- (e) HSBC Community Partnership Programme from the Hongkong and Shanghai Banking Corporation Limited

Year ended 31st March 2025

	Financial Literacy Enrichment Project in Sham Shui Po District	Empowering Your Life's Second Half Financial Education Project	Be The Powerful Partners For Elderly	"Journey to Financial Empowerment to Silver Age" Financial Education Project	Total
Funds received	-	309,289	220,334	123,069	652,692
Fee income received	-	-	1,913	-	1,913
Expenditure	-	(308,554)	(222,248)	(123,069)	(653,871)
Net surplus/ (deficit)	-	735	(1)	-	734

Year ended 31st March 2024

	Financial Literacy Enrichment Project in Sham Shui Po District	Empowering Your Life's Second Half Financial Education Project	Be The Powerful Partners For Elderly	"Journey to Financial Empowerment to Silver Age" Financial Education Project	Total
Funds received	-	172,843	135,506	-	308,349
Fee income received	-	-	9,885	-	9,885
Expenditure	(583)	(172,843)	(145,391)	-	(318,817)
Net (deficit)	(583)	-	-	-	(583)

- (f) Enhanced Support for Elderly Person in Cold Weather

	2025	2024
Funds received	20,300	20,800
Expenditure	(20,300)	(20,800)
Net surplus	-	-

HONG KONG FAMILY WELFARE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

24 Donation funding for specific projects (Continued)

(g) Financial Social Work Education Project 2022-2023

	2025	2024
Funds received	-	-
Expenditure	(23,980)	(256,836)
Net (deficit)	<u>(23,980)</u>	<u>(256,836)</u>

(h) Financial Capability Building in Digital Era - HSBC

	2025	2024
Funds received	-	1,390,264
Expenditure	(27,633)	(1,362,630)
Net (deficit)/surplus	<u>(27,633)</u>	<u>27,634</u>

(i) Maintenance Mediation Pilot Scheme

Hong Kong Family Welfare Society has complied with the requirements as stipulated by Home and Youth Affairs Bureau on implementing the project.

	2025	2024
Funds received	1,320,131	-
Expenditure	(1,320,131)	-
Net surplus	<u>-</u>	<u>-</u>

(j) "Kiddy Learning Corps" - Training for SEN Children Project

	2025	2024
Funds received	270,762	-
Expenditure	(270,762)	-
Net surplus	<u>-</u>	<u>-</u>

(k) Sunshine in Families - Project on Medication Education and Services

	2025	2024
Funds received	856,026	-
Fee income	314,108	-
Expenditure	(1,165,292)	-
Net surplus	<u>4,842</u>	<u>-</u>

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**25 Income from Lotteries Fund - General**

Included in income from Lotteries Fund - General is the following programme of which the relevant income and expenditure are summarised as below:

Pilot Project on Provision of Wi-Fi Service (Wi-Fi Project)

	2025	2024
Lotteries Fund Grant	-	336,600
Interest income	-	15,027
Expenditure	(733,643)	(202,176)
Net (deficit)/surplus	<u>(733,643)</u>	<u>149,451</u>

26 Benefits and interests of Executive Committee members

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Hong Kong Companies Ordinance (Cap. 622) and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G):

(a) Executive Committee members' remuneration (also regarded as key management compensation)

	2025	2024
Salaries and Rewards	1,937,501	1,167,534
Pension costs – defined contribution scheme and MPF Scheme	81,119	12,000
	<u>2,018,620</u>	<u>1,179,534</u>

The remuneration is paid or payable to for an ex-officio member of the Executive Committee for her employee services provided to the Society.

- (b) During the year, no retirement benefits, payments or benefits in respect of termination of Executive Committee members' services were paid or made, directly or indirectly, to the Executive Committee members; nor are any payable (2024: Nil). No consideration was provided to or receivable by third parties for making available Executive Committee members' service (2024: Nil). There are no loans, quasi-loans or other dealings in favour of the Executive Committee members, their controlled bodies corporate and connected entities (2024: Nil).
- (c) No Executive Committee members of the Society had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Society's business to which the Society was or is a party that subsisted at the end of the year or at any time during the year (2024: Nil).

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

27 Income tax expense

Hong Kong profits tax has not been provided as the Society is exempted by virtue of section 88 of the Hong Kong Inland Revenue Ordinance.

28 Notes to the statement of cash flows

(a) Cash generated from operations

	2025	2024
Surplus for the year	10,134,134	6,272,818
Adjustments for:		
- Interest income	(4,199,658)	(4,707,361)
- Depreciation of property, plant and equipment (note 5)	14,115,796	13,510,537
- Depreciation of right-of-use assets (note 6)	11,705,771	10,267,456
- Loss on disposal of property, plant and equipment (note (b) below)	127,056	38,475
- Provision/(reversal of provision) for unutilised annual leave and long service payments (note 21)	667,390	(103,394)
- Interest on lease liabilities (note 20)	1,183,999	1,162,171
- Rent concessions (note 23)	-	(76,500)
Changes in working capital:		
- Receivables from Lotteries Fund	1,895,892	(8,788,981)
- Receivables from Innovation and Technology Fund and One-off Grant	319,880	(286,667)
- Deposits, prepayments and other receivables	(2,522,762)	12,348,991
- Payables and receipts in advance	(1,797,571)	(3,287,626)
- Home help deposits received	(127,000)	17,000
- Deferred income	3,498,172	7,845,785
Cash generated from operations	<u>35,001,099</u>	<u>34,212,704</u>

(b) In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2025	2024
Net book amount (note 5)	127,056	38,475
Loss on disposal of property, plant and equipment (note 23)	(127,056)	(38,475)
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>-</u>

(c) The additions and modifications of right-of-use assets (note 6) are non-cash financing activities.

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NOTES TO THE FINANCIAL STATEMENTS

28 Notes to the statement of cash flows (Continued)

(d) Reconciliation of liabilities arising from financing activities during the year

	Lease liabilities
At 1st April 2023	14,501,494
Additions	15,646,513
Accrued interest expenses	1,162,171
Rent concessions (note 23)	(76,500)
Cash flows from financing activities - payment for lease liabilities	(11,218,660)
	<hr/>
At 31st March 2024 and 1st April 2024	20,015,018
Additions and modifications	13,998,687
Accrued interest expenses	1,183,999
Cash flows from financing activities - payment for lease liabilities	(12,715,682)
	<hr/>
At 31st March 2025	<u>22,482,022</u>

29 Operating lease commitments

As at 31st March, the Society had future aggregate minimum lease payments under non-cancellable operating leases (not included in measurement of lease liabilities) in respect of office premises as follows:

	2025	2024
No later than 1 year	<u>585,763</u>	<u>206,690</u>

30 Summary of other accounting policies

This note provides a list of other accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

30.1 Foreign currency translation – transactions and balances

Foreign currencies translations are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of comprehensive income.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

30 Summary of other accounting policies (Continued)

30.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and that the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Construction in progress are property, plant and equipment in the course of construction for the Society's own use purposes, and are carried at cost less any impairment losses. Construction in progress are not depreciated and are transferred to the appropriate category of property, plant and equipment when the construction is completed and the asset is ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

30.3 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

30.4 Financial assets

(a) Classification

The Society classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through OCI included in trust fund assets (note 8); and
- those to be measured at amortised cost.

The classification depends on the Society's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in trust funds (note 17). For investments in equity instruments that are not held for trading, this will depend on whether the Society has made an irrevocable election at the time of initial recognition to account for the equity investment at financial assets at FVOCI included in trust fund assets.

The Society reclassifies debt investments when and only when its business model for managing those assets changes.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

30 Summary of other accounting policies (Continued)

30.4 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sale of financial assets are recognised on trade-date, the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

(i) Debt instruments

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of comprehensive income.

(ii) Equity instruments

The Society subsequently measures all equity investments at fair value. Where the Society's management has elected to present fair value gains and losses on equity investments in trust funds, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Society's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI included in trust fund assets are not reported separately from other changes in fair value.

(d) Impairment

The Society assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, if any. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment on other financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

30.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Society currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Society has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

HONG KONG FAMILY WELFARE SOCIETY
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

30 Summary of other accounting policies (Continued)

30.6 Receivables

Receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Society holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

30.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft, if any.

30.8 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

30.9 Provisions

Provisions are recognised when the Society has a present legal or constructive obligation where, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

30.10 Government grants and donations from third parties and donations from fund raising activities

(a) Government grants and donations from third parties and donations

Government grants and donations from third parties are recognised when there is reasonable assurance that the grant or donation will be received and the Society will comply with all attached conditions.

Government grants and donations relating to future costs are deferred and recognised in the statement of comprehensive income over the period necessary to match with the related costs which they are intended to compensate.

Government grants and donations relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

HONG KONG FAMILY WELFARE SOCIETY

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

30 Summary of other accounting policies (Continued)

30.10 Government grants and donations from third parties and donations from fund raising activities (Continued)

(b) Donations and income from fund raising activities

Donations and income from fund raising activities for general purposes are recognised when received.

30.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amount received for service provided. The Society recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Society.

(a) Home help fees

Home help fees are recognised when the services are rendered. The revenue is recognised at point in time.

(b) Subsidiary services income and other project income

Subsidiary services income and other project income are recognised on an accruals basis. The revenue is recognised at point in time.

30.12 Dividend

Dividend is recognised when the right to receive payment is established.

30.13 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

30.14 Employee benefits

(a) Pension obligations

The Society operates a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance ("ORSO Scheme") and a mandatory provident fund scheme under the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme") in Hong Kong. The assets of the schemes are held in separate trustee-administered funds. The Society has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and, for the ORSO Scheme, are reduced by contributions forfeited by those employees who leave the ORSO Scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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NOTES TO THE FINANCIAL STATEMENTS

30 Summary of other accounting policies (Continued)

30.14 Employee benefits (Continued)

(b) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(c) Long service payments

The Society's net obligation in respect of long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The long service payment liabilities are assessed by using the projected unit credit method by a qualified actuary. The cost of providing the long service payment liabilities is charged to the statement of comprehensive income so as to spread the costs over the service lives of employees.

The long service payment liabilities are discounted to determine the present value and reduced by entitlements by employees accrued under the Society's defined contribution retirement scheme that is attributable to contributions made by the Society as deemed employee contributions. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to other comprehensive income in the period in which they arise, respectively. As a result of plan amendment, a past service cost, arising from the change in the present value of the defined benefit obligation for employee service in prior periods on the date of plan amendment, is recognised as an expense.

(d) Discretionary reward plans

The expected cost of discretionary reward payments is recognised as a liability and an expense when the Society has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made.

Liabilities for discretionary reward plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

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NOTES TO THE FINANCIAL STATEMENTS

30 Summary of other accounting policies (Continued)

30.15 Leases (as a lessee)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Society.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Society under residual value guarantees;
- the exercise price of a purchase option if the Society is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Society exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is reassessed, the corresponding adjustment is reflected in the right-of-use asset, or comprehensive income if the right-of-use asset is already reduced to zero.