

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

Certified true copy of the original	
Signature	
Name of staff	Sidney Chan
Date	7 Mar 2024



**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**REPORT OF THE GENERAL COMMITTEE**

The General Committee members have pleasure to present their report and the audited financial statements of the Association for the year ended 31 March 2023.

**PRINCIPAL ACTIVITIES**

The principal activities of the Association are to promote better relationship between members and natives of Tung Koon District, sponsor charitable affairs concerning all members and their dependents and advocate and advance the welfare of members as well as that of Tung Koon District.

**FINANCIAL RESULTS**

The results and cash flow for the year ended 31 March 2023 and the state of affairs of the Association at that date are set out in the financial statements on pages 6 to 20.

**PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment during the year are shown in note 6 to the financial statements.

**CHARITABLE DONATION**

Charitable donation made by the Association during the year amounted to HK\$Nil (2022: HK\$Nil).

**GENERAL COMMITTEE MEMBERS**

Members of the General Committee who held office during the year were:

Chan Bik Har	Mok Ching Suen
Chan Lai Kuen	Mok Siu Mei Lindy
Chan Suk Ying	Ng Kar Kuen
Chen Haiqiu	So Chi Wah
Cheng Kwai Lan	Ting Lai Kuen
Cheung Noi Chun	Tsang Ying Yin
Chiu Kan Hung	Tse Yung
Choi Ho Shing	Tsoi Kam Man
Chung Kwai Cheung	Wai Min Chi
Chung Ping	Wai Shau Fun
Chung Shu Kun Christopher	Wong Chi Ho Jimmy
Lai Sau Ling	Wong Chi Kan
Lau Kam Tsan	Wong Chi Keung
Lau Kui	Wong Kai Kwun
Lau Lai Chun	Wong Kung Yue
Lau Lai Fong	Wong Lai Ngor
Lau Man Ching	Wong Wai Fong
Lau Pui Yuk	Wong Yin Fun
Lau Yuk Fong	Wu King Shim
Lee Bing Yee	Wun Yeung Chuen
Lee Chak Ming	Yeung Kwong Shing
Lee Kam Sum	Yim Chu Lung
Lee Kwai Foon	Yip Keung
Lee Yau Chi	Yip Wai Cheung
Li Lai Ying	Yip Yung Kee
Li Lin	Yuen Chi Lok
Li Yuet Yau	Yuen Hon Wah
Lo Kam Lam	Yuen Leung Hau
Mak Fu Ling	Yuen Pak Wan
Man Oi Wa	Yuen Yu Chi Kendrick
Mak Tse How Ling Ada	Yun Kwok Wing Edwin

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**REPORT OF THE GENERAL COMMITTEE**

**GENERAL COMMITTEE MEMBERS (cont'd)**

In accordance with Articles 34 of the Association's Articles of Association, the General Committee members should retire in every two years and, being eligible, offer themselves for re-election.

**GENERAL COMMITTEE MEMBERS INTEREST IN CONTRACTS**

There was no contracts of significance to which the Association was a party and in which a General Committee member had a material interest, existed at end of the year or at any time during the year.

**BUSINESS REVIEW**

The Association falls within reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.

**PERMITTED INDEMNITY PROVISIONS**

Articles 66 of the Association's Articles provides that every member of the General Committee and other officers or servants of the Association for the time being acting in relation to any of the affairs of the Association and their respective executors or administrators, shall be indemnified secured harmless out of the assets of the Association except for their willful neglect or default.

**AUDITORS**

Fan, Mitchell & Co., Limited, Certified Public Accountants (Practising) retire and, being eligible, offer themselves for re-appointment.

**On behalf of the General Committee**



Wong Chi Ho Jimmy  
Chairman

**Hong Kong, 8 November 2023**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

(incorporated in Hong Kong and limited by guarantee)

**Qualified Opinion**

We have audited the financial statements of The Tung Koon District General Association ("the Association") set out on pages 6 to 20, which comprise the statement of financial position as at 31 March 2023, and the statement of income and expenditure, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements give a true and fair view of the financial position of the Association as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 Qualified Opinion**

We are unable to obtain confirmation from The Tung Koon District General Association Kwun Tong Branch Limited in respect of the amount due from a related company. We are unable to carry out alternative auditing procedures necessary to confirm the balance of current account with The Tung Koon District General Association Kwun Tong Branch Limited include in the net assets amounted to HK\$354,637 as at 31 March 2023.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Other Information**

The General Committee members are responsible for the other information. The other information comprises the information included in the General Committee members' report set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the paragraph of the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the confirmation from a related company. Accordingly, we are unable to conclude whether or not the amount due from a related company stated in the statement of financial position is materially misstated with respect to this matter.

**Responsibilities of the General Committee members for the Financial Statements**

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

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

(incorporated in Hong Kong and limited by guarantee)

(cont'd)

**Responsibilities of the General Committee members for the Financial Statements (cont'd)**

In preparing the financial statements, the General Committee members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Committee members either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by General Committee members.
- Conclude on the appropriateness of the General Committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF THE TUNG KOON DISTRICT GENERAL ASSOCIATION**


(incorporated in Hong Kong and limited by guarantee)

(cont'd)

**Report on other matters under Sections 407(2) and 407(3) of the Hong Kong Companies Ordinance**

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the matter as described in the Basis for Qualified Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and/or
- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.



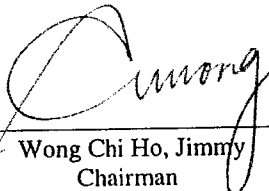
**FAN, MITCHELL & CO., LIMITED**  
Certified Public Accountants (Practising)  
Fan Chun Wah Andrew  
Practising Certificate Number P04730  
25/F, Tern Centre, Tower One  
237-251 Queen's Road Central  
Hong Kong  
8 November 2023

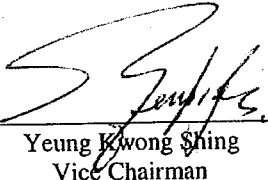
**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

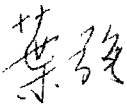
(Expressed in Hong Kong Dollars)

	NOTE	2023	2022
<b>Non-current asset</b>			
Property, plant and equipment	6	2,282,856	2,490,596
<b>Current assets</b>			
Other receivable		381	48,131
Utility deposit		9,180	9,180
Amount due from a related company	7	354,637	354,637
Cash at bank and in hand		22,291,024	22,501,771
		22,655,222	22,913,719
<b>Less : Current liabilities</b>			
Accrued expenses		55,500	111,640
Tenants' deposits		158,000	150,000
Other payable		4,337	-
Property tax payable		8,002	3,886
		225,839	265,526
<b>Net current assets</b>		22,429,383	22,648,193
<b>NET ASSETS</b>		24,712,239	25,138,789
<b>Capital and reserve</b>			
Club house fund		4,763,700	4,763,700
Funeral fund		26,518,995	26,518,995
Scholarship fund		99,000	99,000
Accumulated deficit		(6,669,456)	(6,242,906)
<b>TOTAL EQUITY</b>		24,712,239	25,138,789

Approved by the General Committee on 8 November 2023.

  
Wong Chi Ho, Jimmy  
Chairman

  
Yeung Kwong Shing  
Vice Chairman

  
Yip Keung  
Treasurer

The notes on pages 10 to 20 are an integral part of these financial statements.



**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**STATEMENT OF INCOME AND EXPENDITURE**

**FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Hong Kong Dollars)

	2023	2022
<b>INCOME</b>		
Members' contributions and donations	82,000	602,500
Rental income	684,000	618,000
Sponsor income	-	100,500
Employment support scheme	24,000	-
Sundry income	12,796	-
Bank interest income	190,248	2,074
	<u>993,044</u>	<u>1,323,074</u>
<b>LESS: EXPENDITURE</b>		
Accounting fee	10,500	10,000
Advertising	97,000	104,000
Audit fee	27,000	27,000
Bank charges and interest	2,260	1,880
Building management fee	48,480	48,480
Business registration fee	3,194	250
Cleaning	6,248	12,427
Company secretarial fee	1,845	18,580
Depreciation	207,740	207,741
Electricity and water	13,160	19,021
Entertainment	50,063	124,465
Government rent and rates	61,022	64,462
Insurance	7,571	6,206
Legal and professional fee	8,000	15,500
Mandatory provident fund contribution	8,475	9,500
Newspaper and periodicals	-	2,534
Picnic and festival expenses	88,648	51,820
Postage and courier	194	6,000
Printing and stationery	4,196	839
Property tax	82,272	71,760
Repairs and maintenance	172,792	14,872
Salaries and allowance	169,507	208,000
Scholarship expenses	8,000	8,000
Sponsor	305,257	180,456
Sundry expenses	5,730	15,065
Telephone and fax	23,607	12,471
Travelling expenses	6,833	9,127
	<u>1,419,594</u>	<u>1,250,456</u>
<b>(DEFICIT)/SURPLUS BEFORE TAX</b>	8	(426,550)
<b>TAXATION</b>	9	-
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<u>(426,550)</u>

The notes on pages 10 to 20 are an integral part of these financial statements.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Hong Kong Dollars)

	Club house fund	Funeral fund	Scholarship fund	Accumulated deficit	Total
Balance as at 1 April 2021	4,763,700	26,518,995	99,000	(6,315,524)	25,066,171
Surplus for the year	-	-	-	72,618	72,618
Balance as at 31 March 2022	<u>4,763,700</u>	<u>26,518,995</u>	<u>99,000</u>	<u>(6,242,906)</u>	<u>25,138,789</u>
Balance as at 1 April 2022	4,763,700	26,518,995	99,000	(6,242,906)	25,138,789
Deficit for the year	-	-	-	(426,550)	(426,550)
Balance as at 31 March 2023	<u>4,763,700</u>	<u>26,518,995</u>	<u>99,000</u>	<u>(6,669,456)</u>	<u>24,712,239</u>

The notes on pages 10 to 20 are an integral part of these financial statements.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Hong Kong Dollars)

	2023	2022
<b>Cash flows from operating activities</b>		
(Deficit)/surplus before tax	(426,550)	72,618
Property tax	82,272	71,760
Depreciation	207,740	207,741
Bank interest income	(190,248)	(2,074)
<b>Operating (deficit)/surplus before changes in working capital</b>	<b>(326,786)</b>	<b>350,045</b>
Decrease/(increase) in other receivable	47,750	(42,750)
(Decrease)/increase in accrued expenses	(56,140)	3,140
Increase in tenant's deposits	8,000	-
Increase in other payable	4,337	-
<b>Cash (used in)/generated from operations</b>	<b>(322,839)</b>	<b>310,435</b>
<b>Tax paid</b>		
Hong Kong property tax paid	(78,156)	(67,613)
<b>Net cash (used in)/generated from operating activities</b>	<b>(400,995)</b>	<b>242,822</b>
<b>Cash flows from investing activities</b>		
Bank interest income	190,248	2,074
Payment for purchases of fixed assets	-	(15,480)
<b>Net cash generated from/(used in) investing activities</b>	<b>190,248</b>	<b>(13,406)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(210,747)</b>	<b>229,416</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>22,501,771</b>	<b>22,272,355</b>
<b>Cash and cash equivalents at end of the year</b>	<b>22,291,024</b>	<b>22,501,771</b>
<b>Analysis of balance of cash and cash equivalents</b>		
Cash and bank balances	22,291,024	22,501,771

The notes on pages 10 to 20 are an integral part of these financial statements.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

**1. GENERAL INFORMATION**

The Tung Koon District General Association is a association incorporated in Hong Kong with liabilities of the members limited by guarantee. The address of its registered office is situated at 4/F, Yiu Chung Building, 368-370A Portland Street, Kowloon, Hong Kong.

The principal activities of the Association are to promote better relationship between members and natives of Tung Koon District, sponsor charitable affairs concerning all members and their dependents and advocate and advance the welfare of members as well as that of Tung Koon District.

Upon winding up of the Association, each member undertakes to contribute to the assets of the Association an amount not exceeding HK\$20.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Association is set out below.

**3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

These financial statements have been prepared under the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**4. CHANGES IN ACCOUNTING POLICIES**

The HKICPA has issued a new standard and a number of amendments to HKFRSs that are first effective for the current accounting period of the Association. None of these developments have had a material effect on how the Association's results and financial position for the current or prior periods have been prepared or presented.

The Association has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 13).

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**5. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Income tax**

Income tax for the year includes current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that the tax arises from a transaction or event which is recognised directly in equity. In the case if the tax relates to items that are recognised directly to equity, current tax and deferred tax are also recognised directly to equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

At each end of the reporting period, the Association reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Property, plant and equipment**

Property, plant and equipment including right-of-use assets arising from leases over freehold or leasehold properties where the Association is not the registered owner of the property interest and other items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 5(d)), are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Buildings	4%
Leasehold properties	4%
Leasehold improvement	15%
Office equipment	30%
Furniture and fixture	30%
Members' tomb account	30%
Properties leased for own use	Over 50 year or the remaining useful live of building, whichever is shorter

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

Internal and external sources of information are reviewed at the end of each reporting period to identify indication that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the statement of income and expenditure except where the assets is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

**(c) Impairment of assets**

The carrying amounts of asset are reviewed at each end of the reporting period to assess whether there is indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income and expenditure account.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income and expenditure account in the year in which the reversals are recognised.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(d) Lease**

At inception of a contract, the Association assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

**As a lessee**

Where the contract contains lease component(s) and non-lease component(s), the Association has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Association recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Association are primarily land. When the Association enters into a lease in respect of a low-value asset, the Association decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 5(c)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Association will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Association took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognized the change in consideration as if it were not a lease modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(e) Other receivables**

Other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for credit losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of credit losses.

The loss allowance is measured at an amount equal to lifetime ECLs, which are those losses that are expected to occur over the expected life of the trade and other receivables. The loss allowance is estimated using a provision matrix based on Association's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date to reflect changes in the credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Association recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Association determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in the statement of income and expenditure in the period in which the recovery occurs.

**(f) Other payables**

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(g) Employee benefits**

Obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income and expenditure account as incurred.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank that are readily convertible into known amounts of cash and which are subject to an insignificant risks of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.



**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(i) Related parties**

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

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

(b) An entity is related to the Association if any of the following conditions applies:

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

Close members of the family of a person are those family members who may be expected to influence, or influenced by, that person in their dealings with the entity.

**(j) Revenue recognition**

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

Members' contributions, donations and sponsor income are accounted for on receipts basis.

Rental income is recognised on accruals basis over the period of respective leases.

Bank interest income is recognised using the effective interest method.

**(k) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**THE TUNG KONG DISTRICT GENERAL ASSOCIATION**

**6. PROPERTY, PLANT AND EQUIPMENT**

(a) Reconciliation of carrying amount

	Buildings HK\$	Leasehold properties HK\$	office equipment HK\$	Members' tomb account HK\$	Furniture and fixture HK\$	Leasehold improvement HK\$	Properties leased for own use carried at cost HK\$	Total HK\$
<b>Cost</b>								
As at 1 April 2021	3,672,287	118,302	68,099	57,582	227,433	1,745,925	1,343,013	7,232,641
Additions	-	-	-	-	15,480	-	-	15,480
As at 31 March 2022	3,672,287	118,302	68,099	57,582	242,913	1,745,925	1,343,013	7,248,121
<b>Aggregate depreciation</b>								
As at 1 April 2021	2,426,174	75,713	68,099	57,582	142,995	1,745,925	23,296	4,549,784
Charge for the year	146,891	4,733	-	-	32,820	-	23,297	207,741
As at 31 March 2022	2,583,065	80,446	68,099	57,582	175,815	1,745,925	46,593	4,757,525
<b>Net carrying amount</b>								
As at 31 March 2022	1,089,222	37,856	-	-	67,098	-	1,296,420	2,490,596
<b>Cost</b>								
As at 1 April 2022	3,672,287	118,302	68,099	57,582	242,913	1,745,925	1,343,013	7,248,121
Additions	-	-	-	-	-	-	-	-
As at 31 March 2023	3,672,287	118,302	68,099	57,582	242,913	1,745,925	1,343,013	7,248,121
<b>Aggregate depreciation</b>								
As at 1 April 2022	2,583,065	80,446	68,099	57,582	175,815	1,745,925	46,593	4,757,525
Charge for the year	146,891	4,732	-	-	32,820	-	23,297	207,740
As at 31 March 2023	2,729,956	85,178	68,099	57,582	208,635	1,745,925	69,890	4,965,265
<b>Net carrying amount</b>								
As at 31 March 2023	942,331	33,124	-	-	34,278	-	1,273,123	2,282,856

The leasehold properties were held in Hong Kong under medium and long term leases.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**6. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

**(b) Right-of-use assets**

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2023 HK\$	2022 HK\$
Properties leased for own use, carried at depreciated cost	<u>1,273,123</u>	<u>1,296,420</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2023 HK\$	2022 HK\$
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	<u>23,297</u>	<u>23,297</u>

Addition of right-of-use assets was HK\$Nil (2022: HK\$Nil), all related to the capitalized lease payments payable transfer from prepaid land lease payment.

**7. AMOUNT DUE FROM A RELATED COMPANY**

Particulars of loan to a related company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

Name of related company	Balance at 31 March 2023 HK\$	Balance at 31 March 2022 HK\$	Maximum Outstanding during the year HK\$
The Tung Koon District General Association Kwun Tong Branch Limited	<u>354,637</u>	<u>354,637</u>	<u>354,637</u>

The Tung Koon District General Association Kwun Tong Branch Limited is related to the Association to the extent that they have common director and the advance is unsecured, interest free and has no fixed repayment terms.

**8. (DEFICIT)/SURPLUS BEFORE TAX**

(Deficit)/surplus before tax is arrived at after charging the following:

	2023 HK\$	2022 HK\$
Auditor's remuneration	27,000	27,000
Depreciation	207,740	207,741
Mandatory Provident Fund contribution	8,475	9,500
Staff costs	<u>169,507</u>	<u>208,000</u>

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**9. TAXATION**

- (a) No provision has been made for Hong Kong Profits Tax as the Association sustained a loss during the year (2022: Nil).
- (b) Reconciliation between tax expense and accounting (deficit)/surplus at applicable tax rate:

	2023 HK\$	2022 HK\$
(Deficit)/surplus before tax	<u>(426,550)</u>	<u>72,618</u>
Notional tax on (deficit)/surplus before tax, calculated at 16.5% (2022: 16.5%)	(70,381)	11,982
Tax effect of:		
- Non-taxable income	(148,211)	(102,312)
- non-deductible expenses	13,575	11,840
- timing difference not recognised	33,298	31,521
- estimated tax losses not recognised	<u>171,719</u>	<u>46,969</u>
Actual tax expense	<u>-</u>	<u>-</u>

- (c) Deferred tax assets not recognised

At 31 March 2023, the Association had unused tax losses of HK\$3,592,848 (2022: HK\$2,552,130). The tax losses have not been agreed by the Inland Revenue Department and do not expire under current tax legislation.

There was no material unprovided deferred tax assets or liabilities in respect of the year or as at 31 March 2023 (2022: Nil).

**10. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G))**

- (a) General Committee members' emoluments, retirement benefits and termination benefits

None of the General Committee members received any emoluments, retirement benefits and termination benefits during the year (2022: Nil).

- (b) Loans, quasi-loans and other dealings in favour of General Committee members, controlled bodies corporate and connected entities with such directors

During the year ended 31 March 2023, save as disclosed in note 7 to the financial statements, no other such transaction was entered into by the Association.

- (c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Association's business was a party and in which a General Committee member of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

- (d) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2023, the Association did not pay any consideration to any third parties for making available the directors' services (2022: Nil).

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**11. FINANCIAL RISK MANAGEMENT AND FAIR VALUES**

The Association is exposed to credit, liquidity, interest rate and currency risk arising in the normal business and financial instruments. The Association's risk management objectives, policies and mainly focus on minimizing the potential adverse effects of these risks on its financial position by closely monitoring the individual exposure.

(a) Credit risk

The Association's credit risk is primarily attributable to other receivable and bank deposits.

The credit risk on bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(b) Liquidity risk

The Association's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains adequate funding from its operations to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Association did not hold any assets or liabilities which would expose the Association to significant interest rate risk.

(d) Currency risk

The Association has no exposure to currency risk as all of the Association's transactions are denominated in Hong Kong dollars.

(e) Fair values

All financial instruments are carried at amounts not materially different from its fair value as at 31 March 2023.

**12. RELATED PARTY TRANSACTIONS**

Save for transactions and balances among related companies and the aforementioned transactions, no other significant transactions, arrangements and contracts to which the Association was a party and in which a General Committee member of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**THE TUNG KOON DISTRICT GENERAL ASSOCIATION**

**13. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2023**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these financial statements. Of these, the following developments may be relevant to the Association's financial statements:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
Amendments to HKFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKFRS 10 and HKAS 28, <i>Sales or contribution of assets between an investor and its associate or joint venture</i>	A date to be determined

The Association is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of the other amendments and new standards is unlikely to have a significant impact on the Association's financial instruments.

**14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements set out on pages 6 to 20 have been approved by the General Committee on 8 November 2023.