

ELDERLY HEALTHCARE FOUNDATION LIMITED  
老有所醫慈善基金有限公司

Reports and Financial Statements  
For the year ended 31 March 2021

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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## ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

### DIRECTORS' REPORT

The directors present their directors' report and the audited financial statements of Elderly Healthcare Foundation Limited (the "Company") for the year ended 31 March 2021.

#### PRINCIPAL ACTIVITY

The Company is a non-profit making organisation. Its principal activity is to provide free medical consultation services by the volunteer general physicians, medical specialists and other registered medical professionals to the underprivileged or needy elders who are aged 65 or above and are recipients under the Comprehensive Social Security Assistance Scheme or those underprivileged as confirmed by reputable partner non-governmental organisations.

#### BUSINESS REVIEW

The Company is exempted from preparing a business review as it has fallen into reporting exemption in accordance with Section 388(3) of the Hong Kong Companies Ordinance.

#### RESULTS

The results of the Company for the year ended 31 March 2021 and the Company's financial position at that date are set out in the Company's financial statements on pages 6 and 7.

#### DIRECTORS

The directors of the Company during the financial period and up to the date of this report were:

Chiu Yat On Michael

Ho Sao Lun

Cheung Wing Tak

Wu Yiu Tung Dickson

Wong Yan Wai George

Lam Kang Hung

Lau Chi Ho

Lam Kit Ying

(resigned on 2 July 2020)

In accordance with Article 53 of the Company's Articles of Association, all remaining directors shall retire at the forth-coming annual general meeting and, being eligible, offer themselves for re-election.

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance, to which the Company was a party and in which a director or a connected party of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year.

MANAGEMENT CONTRACTS

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

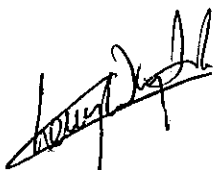
PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every director shall be indemnified out of the assets of Company against any liability incurred by him relation to the Company in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Hong Kong Companies Ordinance in which relief is granted to him by the court.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board



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Cheung Wing Tak

DIRECTOR

31 DEC 2021

## INDEPENDENT AUDITOR'S REPORT

### TO THE DIRECTORS OF ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

(incorporated in Hong Kong and limited by guarantee)

#### **Opinion**

We have audited the financial statements of Elderly Healthcare Foundation Limited (the "Company") set out on pages 6 to 22, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income and expenditure, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") 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 Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

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

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

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

## INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF ELDERLY HEALTHCARE FOUNDATION LIMITED - continued  
老有所醫慈善基金有限公司  
(incorporated in Hong Kong and limited by guarantee)

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

The directors 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 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.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.


## INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF ELDERLY HEALTHCARE FOUNDATION LIMITED - continued  
老有所醫慈善基金有限公司  
(incorporated in Hong Kong and limited by guarantee)

### **Auditor's Responsibilities for the Audit of the Financial Statements** - continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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



**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong

31 DEC 2021

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2021

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	<u>NOTES</u>	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>Income</b>			
Donation income	4	371,629	939,838
Interest income		<u>35,757</u>	<u>2,355</u>
		407,386	942,193
<b>Expenditure</b>			
Program implementation expenses		(356,729)	(127,581)
Administrative expenses		<u>(23,151)</u>	<u>(40,033)</u>
<b>Result and total comprehensive result for the year</b>	5	<u>27,506</u>	<u>774,579</u>

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ELDERLY HEALTHCARE FOUNDATION LIMITED

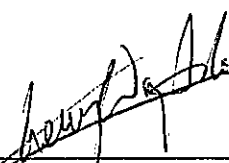
老有所醫慈善基金有限公司

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	<u>NOTES</u>	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>CURRENT ASSET</b>			
Other deposit and prepayment		19,766	9,883
Bank deposit	7	-	600,000
Bank balances and cash	7	2,346,575	2,027,394
		<u>2,366,341</u>	<u>2,637,277</u>
<b>CURRENT LIABILITIES</b>			
Other payables	8	1,503,338	1,801,780
<b>NET ASSETS</b>		<u>863,003</u>	<u>835,497</u>
<b>FUND</b>			
Accumulated surplus		<u>863,003</u>	<u>835,497</u>

The financial statements on pages 6 to 22 were approved and authorised for issue by the Board of Directors on **31 DEC 2021** and are signed on its behalf by:



Cheung Wing Tak  
DIRECTOR



Lam Kang Hung  
DIRECTOR

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 31 MARCH 2021

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	Accumulated surplus HK\$
As at 1 April 2019	60,918
Result and total comprehensive result for the year	<u>774,579</u>
As at 31 March 2020	835,497
Result and total comprehensive result for the year	<u>27,506</u>
As at 31 March 2021	<u><u>863,003</u></u>

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ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021

	<u>2021</u> HK\$	<u>2020</u> HK\$
OPERATING ACTIVITIES		
Result for the year	27,506	774,579
Adjustment for:		
Interest income	(35,757)	(2,355)
Operating cash flows before movement in working capital	(8,251)	772,224
Increase in other deposit and prepayment	(9,883)	(9,883)
(Decrease) increase in other payables	(298,442)	1,760,269
NET CASH (USED IN) FROM OPERATING ACTIVITIES	<u>(316,576)</u>	<u>2,522,610</u>
INVESTING ACTIVITIES		
Placement of bank deposit	(2,000,000)	(600,000)
Withdrawal of bank deposit	2,600,000	-
Interest received	35,757	2,355
NET CASH FROM (USED IN) FROM INVESTING ACTIVITIES	<u>635,757</u>	<u>(597,645)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	319,181	1,924,965
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>2,027,394</u>	<u>102,429</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	<u><u>2,346,575</u></u>	<u><u>2,027,394</u></u>

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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1. GENERAL

Elderly Healthcare Foundation Limited (the "Company") is a non-profit making organisation incorporated in Hong Kong under the Hong Kong Companies Ordinance as an association limited by guarantee. The address of the registered office and principal place of business of the Company is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The principal activity of the Company is to provide free medical consultation services by the volunteer general physicians, medical specialists and other registered medical professionals to the underprivileged or needy elders who are aged 65 or above and are recipients under the Comprehensive Social Security Assistance Scheme or those underprivileged as confirmed by reputable partner non-governmental organisations.

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

*Amendments to HKFRSs that are mandatorily effective for the year*

In the current year, the Company has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to Reference to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

**Impacts on application of Amendments to HKAS 1 and HKAS 8 *Definition of Material***

The Company has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

*New and amendments to HKFRSs in issue but not yet effective*

The Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>5</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>1</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>5</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>5</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>5</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>5</sup>
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use <sup>4</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>6</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all other above new and amendments to HKFRSs and the interpretation will have no significant impact on the Company's financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

*3.1 Basis of preparation of financial statements*

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the financial statements include applicable disclosures required by Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Lease*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

*3.2 Significant accounting policies*

Donation income

*Institutional fundraising income*

Institutional fundraising income is designated for specific purposes and recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions, if any, attached to them. Funding that compensate the Company for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are incurred.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Donation income - continued

*Public fundraising income*

Public fundraising income is recognised when the Company becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash.

Financial instruments

Financial assets and financial liability are recognised when the Company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial asset that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liability are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liability are added to or deducted from the fair value of the financial assets or financial liability, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

**Financial assets**

*Classification and subsequent measurement of financial asset*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments- continued

**Financial assets** - continued

*Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

*Impairment of financial assets*

The Company performs impairment assessment under expected credit loss ("ECL") model on financial assets (including other deposit, bank balances and bank deposit) which are subject to impairment assessment under HKFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.



3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments- continued

**Financial assets** - continued

*Impairment of financial assets* - continued

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments- continued

**Financial assets** - continued

*Impairment of financial assets* - continued

(ii) Definition of default

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial asset

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer; or
- (b) a breach of contract, such as a default or past due event;

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments- continued

**Financial assets** - continued

*Impairment of financial assets* - continued

(v) Measurement and recognition of ECL - continued

Generally, the ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

*Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial liability and equity**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments- continued

**Financial liability and equity** - continued

*Financial liability at amortised cost*

Financial liabilities, including other payables and accrued expenses are subsequently measured at amortised cost, using the effective interest method.

*Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. DONATION INCOME

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>Type of donation</b>		
Public fundraising income	14,900	816,968
Institutional fundraising income	356,729	122,870
<b>Total</b>	<u>371,629</u>	<u>939,838</u>

5. RESULT FOR THE YEAR

	<u>2021</u> HK\$	<u>2020</u> HK\$
Result for the year has been arrived at after charging:		
Auditor's remuneration	-	-
Directors' emoluments	-	-
Staff costs	48,000	20,000
	<u>48,000</u>	<u>20,000</u>

6. TAXATION

The Company is an approved charitable body and is exempted from Hong Kong Profits Tax under the provision of section 88 of the Inland Revenue Ordinance.

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7. BANK BALANCES AND CASH AND BANK DEPOSIT

Bank balances carry market interest rates of 0.01% (2020: 0.01%) per annum.

Bank deposit carry interest at prevailing market interest rate.

Details of impairment assessment of bank balances and bank deposit are set out in note 9(b)

8. OTHER PAYABLE

	<u>2021</u> HK\$	<u>2020</u> HK\$
Advance payment from institutional fundraising funds (Note)	1,440,400	1,797,130
Other payable	62,938	4,650
	<u>1,503,338</u>	<u>1,861,780</u>

Note:

The amount represents the advance payment received from Vera Ruttonjee Desai Charitable Fund provided by HSBC Trustee (Hong Kong) Limited for the expenses to be used directly for on-going consultation service, mobile clinic service, mobile clinic service, minor surgery service and administrative support. Amount of HK\$1,900,000 was received in the year ended 31 March 2020 and direct expenses of HK\$356,729 (2020:HK\$122,870) was incurred during the year ended 31 March 2021, and therefore the relative amount is recognised as donation income in the same financial year. Certain items in the statement of financial position have been reclassified based on their nature to conform with the presentation in the current year's financial statements.

9. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>Financial assets</b>		
Amortised cost	<u>2,356,311</u>	<u>2,637,277</u>
<b>Financial liability</b>		
Amortised cost	<u>1,503,338</u>	<u>1,801,780</u>

(b) Financial risk management objectives and policies

The Company's financial instruments include other deposit, bank balances, bank deposit and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

9. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

**Credit risk and impairment assessment**

Credit risk refers to the risk that the Company's counterparties default on their contractual obligations resulting in financial losses to the Company. The Company's credit risk exposures are primarily attributable to other deposit, bank balances and bank deposits. The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

*Bank balances and bank deposit*

Credit risk on bank balances and bank deposit is limited because the counterparty is reputable bank and financial institution with high credit ratings assigned by international credit-rating agencies. The Company assessed 12m ECL for bank balances and bank deposit by reference to information relating to average loss rates of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the ECL on bank balances and bank deposit is considered insignificant and therefore no loss allowance was recognised.

*Other deposits*

For other deposits, the management makes periodic individual assessment on the recoverability of other deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2021 and 2020, the Company assessed the ECL for other deposit is insignificant and thus no loss allowance is recognised.

The tables below is the internal credit policy of the Company:

<u>Internal credit rating</u>	<u>Description</u>	<u>Trade receivables</u>	<u>Other financial assets</u>
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

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9. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

**Credit risk and impairment assessment** - continued

The table below details the credit risk exposures of the Company's financial assets, which are subject to ECL assessment:

	Notes	External credit	Internal credit	12m or lifetime ECL	Gross carrying amount	
		rating	rating		2021	2020
		2020			HK\$	HK\$
<b>Financial assets at amortised cost</b>						
Other deposit	N/A	N/A	Low risk	12m ECL	9,883	9,883
Bank balances	7	Aa1	N/A	12m ECL	2,346,428	2,627,394

**Liquidity risk management**

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

At the end of the reporting period, contractual maturity for the Company's non-derivative and non-interest bearing financial liabilities with aggregate carrying amount of HK\$1,503,338 (2020: HK\$1,801,780), representing the undiscounted cash flow of the liability, is repayable on demand.

(c) Fair value measurement of financial instruments

The directors consider that the carrying amounts of financial asset and financial liability recognised at amortised cost in the financial statements approximate to their fair values.

10. RELATED PARTY TRANSACTIONS

(a) During the year, the Company entered into the following transactions with related parties:

	2021	2020
	HK\$	HK\$
Donation income from directors	-	10,000
Rental income paid to a related company	118,596	-

(b) Compensation of key management personnel

No remuneration of directors and other members were incurred in the current period.

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11. COMPARATIVE FINANCIAL STATEMENTS

Certain items in the statement of financial position have been reclassified based on their nature to conform with the presentation in the current year's financial statements.

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