

GENERAL CHINESE CHARITIES FUND

Report of the Chinese Temples Committee on the administration of the Fund for the year ended 31 March 2023

The General Chinese Charities Fund (“the Fund”) was established by the Chinese Temples Committee (“the Committee”) under Section 8 of the Chinese Temples Ordinance (Cap. 153) (“the Ordinance”). In accordance with section 9(1) of the Ordinance, the Committee may, at its own discretion, apply the Fund for payment of the necessary staff and the other expenses incurred by the Committee in the exercise of its powers under the Ordinance; and for the purposes of any Chinese charity in Hong Kong.

2. The Fund is administered by the Committee. The membership of the Committee for the year under report is at Appendix I. The Trust Funds and Temples Joint Secretariat is responsible for the secretariat and accounting work of the Fund. The Director of Audit is the auditor of the Fund’s accounts.

3. During the reporting period, the total income of the Fund (before gain on investment) was HK\$36.82 million (mainly including investment income and transfer from the Chinese Temples Fund, etc.). The gain on investment was HK\$0.10 million. The total expenditure of the Fund was HK\$35.42 million (mainly including staff costs and operating expenses, etc.). The Fund recorded a surplus of HK\$1.50 million for 2022-23.

4. The audited Financial Statements of the Fund for the year ended 31 March 2023 is at Appendix II.



(Miss Alice MAK)

Secretary for Home and Youth Affairs

Chairman

Chinese Temples Committee

29 November 2023

GENERAL CHINESE CHARITIES FUND

**Membership of the Chinese Temples Committee
(1.4.2022 - 31.3.2023)**

Secretary for Home and Youth Affairs	(Chairman)
Mr MA Ching-yeung, Philip Chairman of the Board of Directors of Tung Wah Group of Hospitals	(from 1.4.2022 to 31.3.2023)
Mr SO Yiu-wing	
Mr YIP Chun-to, Adrian, BBS, MH, JP	
Dr LEE Yuk-lun, BBS, JP	
Mr TSANG Chung-nam	
Mr NG Hok-ming, Angus	
Mr LAM Hon-wan, Nelson	



General Chinese Charities Fund

Financial statements for the year ended 31 March 2023

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the General Chinese Charities Fund set out on pages 4 to 22, which comprise the balance sheet as at 31 March 2023, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the General Chinese Charities Fund as at 31 March 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with paragraph 9(1) of the General Chinese Charities Fund Directions (Cap. 153 sub. leg. B).

Basis for opinion

I conducted my audit in accordance with paragraph 9(2) of the General Chinese Charities Fund Directions and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the General Chinese Charities Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Secretary for Home and Youth Affairs is responsible for the other information. The other information comprises all the information included in the Report of the Chinese

Temples Committee on the administration of the General Chinese Charities Fund, other than the financial statements and my auditor's report thereon.

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

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

Responsibilities of the Secretary for Home and Youth Affairs for the financial statements

The Secretary for Home and Youth Affairs is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and paragraph 9(1) of the General Chinese Charities Fund Directions, and for such internal control as the Secretary for Home and Youth Affairs determines 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 Secretary for Home and Youth Affairs is responsible for assessing the General Chinese Charities Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards 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.

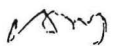
As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 my 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 General Chinese Charities Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Home and Youth Affairs;
- conclude on the appropriateness of the Secretary for Home and Youth Affairs' 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 General Chinese Charities Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the General Chinese Charities Fund to cease to continue as a going concern; and
- 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.

I communicate with the Secretary for Home and Youth Affairs regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.


S. M. CHOI
Principal Auditor
for Director of Audit

29 November 2023

Audit Commission
6th Floor, High Block
Queensway Government Offices
66 Queensway
Hong Kong

GENERAL CHINESE CHARITIES FUND

BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 HK\$	2022 HK\$
NON-CURRENT ASSETS			
Right-of-use assets	3	5,760,082	1,528,818
Financial assets measured at fair value through income and expenditure account	4	111,494,206	120,296,368
		117,254,288	121,825,186
CURRENT ASSETS			
Accounts receivable	5	966,166	736,134
Prepayments		175,943	134,024
Sundry deposits		4,776	132,755
Time deposits with original maturities over three months		50,478,676	49,802,799
Cash and cash equivalents	6	88,105,607	79,045,544
		139,731,168	129,851,256
CURRENT LIABILITIES			
Lease liabilities	7	(2,174,034)	(1,556,301)
Provision for staff gratuity	8	(1,849,025)	(542,618)
Provision for untaken leave		(489,722)	(474,789)
Accounts payable and accrued charges	9	(456,206)	(1,731,053)
		(4,968,987)	(4,304,761)
NET CURRENT ASSETS		134,762,181	125,546,495
TOTAL ASSETS LESS CURRENT LIABILITIES		252,016,469	247,371,681
NON-CURRENT LIABILITIES			
Lease liabilities	7	(3,636,055)	-
Provision for staff gratuity	8	(702,491)	(1,193,458)
		(4,338,546)	(1,193,458)
NET ASSETS		247,677,923	246,178,223
Representing:			
ACCUMULATED FUND		247,677,923	246,178,223

The accompanying notes 1 to 15 form part of these financial statements.



(Miss Alice MAK)
Secretary for Home and Youth Affairs
Chairman
Chinese Temples Committee
29 November 2023

GENERAL CHINESE CHARITIES FUND
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 HK\$	2022 HK\$
INCOME			
Dividend income		7,095,826	4,905,440
Interest income		1,980,989	272,869
Transfer from Chinese Temples Fund		27,741,162	23,460,878
Transfer from Board of Management of the Chinese Permanent Cemeteries		-	16,404,155
Net realised and revaluation gains/(losses) on financial assets measured at fair value through income and expenditure account		95,131	(9,648,098)
Net exchange gains/(losses)		609	(229)
Other income		7,125	-
		36,920,842	35,395,015
EXPENDITURE			
Transfer to Tung Wah Group of Hospitals		(7,741,162)	(3,460,878)
Grants	10	(586,814)	(316,236)
Staff costs	11	(22,132,557)	(20,161,357)
Depreciation on right-of-use assets	3	(2,457,864)	(2,620,830)
Rates, management fees and other charges		(424,360)	(412,643)
Interest expense on lease liabilities		(114,263)	(40,973)
Other operating expenses		(1,964,122)	(1,172,775)
		(35,421,142)	(28,185,692)
SURPLUS FOR THE YEAR		1,499,700	7,209,323
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,499,700	7,209,323

The accompanying notes 1 to 15 form part of these financial statements.

GENERAL CHINESE CHARITIES FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	HK\$
ACCUMULATED FUND	
Balance at 1 April 2021	238,968,900
Total comprehensive income for 2021-22	7,209,323
	<hr/>
Balance at 31 March 2022	246,178,223
Total comprehensive income for 2022-23	1,499,700
	<hr/>
Balance at 31 March 2023	247,677,923
	<hr/> <hr/>

The accompanying notes 1 to 15 form part of these financial statements.

**GENERAL CHINESE CHARITIES FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 HK\$	2022 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		1,499,700	7,209,323
Adjustments for:			
Depreciation on right-of-use assets		2,457,864	2,620,830
Dividend income		(7,095,826)	(4,905,440)
Interest income		(1,980,989)	(272,869)
Interest expense on lease liabilities		114,263	40,973
Net realised and revaluation (gains)/losses on financial assets measured at fair value through income and expenditure account		(95,131)	9,648,098
Net exchange (gains)/losses		(609)	229
Transfer from Chinese Temples Fund		(7,741,162)	(3,460,878)
Transfer to Tung Wah Group of Hospitals		7,741,162	3,460,878
Decrease/(Increase) in accounts receivable		369,531	(329,048)
(Increase)/Decrease in prepayments		(41,919)	51,681
Decrease/(Increase) in sundry deposits		127,979	(132,755)
Increase in provision for staff gratuity		815,440	95,630
Increase in provision for untaken leave		14,933	65,529
Decrease in accounts payable and accrued charges		(1,274,847)	(1,582,772)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		<u>(5,089,611)</u>	<u>12,509,409</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets measured at fair value through income and expenditure account		9,369,788	4,540,041
Acquisition of financial assets measured at fair value through income and expenditure account		-	(4,469,000)
Increase in time deposits with original maturities over three months		(675,877)	(3,945,237)
Dividend received		6,537,672	4,498,385
Interest received		1,467,694	253,048
NET CASH FROM INVESTING ACTIVITIES		<u>16,699,277</u>	<u>877,237</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(2,549,603)	(2,677,834)
NET CASH USED IN FINANCING ACTIVITIES		<u>(2,549,603)</u>	<u>(2,677,834)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,060,063	10,708,812
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		79,045,544	68,336,732
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	<u>88,105,607</u>	<u>79,045,544</u>

The accompanying notes 1 to 15 form part of these financial statements.

GENERAL CHINESE CHARITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The General Chinese Charities Fund (the Fund) was established under section 8 of the Chinese Temples Ordinance (Cap. 153) and may in the discretion of the Chinese Temples Committee (the Committee) be applied:

- (a) to the pay of the necessary staff and the other expenses incurred by the Committee in the exercise of its powers; and
- (b) for the purposes of any Chinese charity in Hong Kong,

in accordance with section 9(1) of the Chinese Temples Ordinance.

The address of the Fund's principal place of business is 34th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with paragraph 9(1) of the General Chinese Charities Fund Directions (Cap. 153 sub. leg. B) and all applicable Hong Kong Financial Reporting Standards (HKFRSs), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). A summary of the significant accounting policies adopted by the Fund is set out below.

(b) Basis of preparation of the financial statements

The financial statements have been prepared on an accrual basis and under the historical cost convention except that financial assets measured at fair value through income and expenditure account are stated at fair value as explained in the accounting policies set out in note 2(d) below.

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 expenditure. 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 for making judgements about the 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.

Apart from judgements made by management in the application of HKFRS 16 “Leases” as disclosed in note 2(h), there are no other critical accounting judgements involved in the application of the Fund’s accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Impact of new and revised HKFRSs

The HKICPA has issued certain new or revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Fund. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

(d) Financial assets and financial liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised on the date the Fund becomes a party to the contractual provisions of the financial instrument. They are initially stated at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities, except for those financial instruments measured at fair value through income and expenditure account for which transaction costs are recognised directly in the income and expenditure account. An explanation of how the Fund determines the fair value of financial instruments is set out in note 13. Purchases and sales of financial instruments are recognised using trade date accounting.

(ii) Classification and subsequent measurement

Financial assets measured at fair value through income and expenditure account

This category comprises equity securities. They are subsequently measured at fair value. Changes in fair value are recognised in the income and expenditure account in the period in which they arise.

Financial assets measured at amortised cost

These comprise cash and cash equivalents, time deposits, sundry deposits and accounts receivable. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in note 2(d)(iv).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities measured at amortised cost

These comprise lease liabilities, accounts payable and accrued charges. They are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

(iv) Impairment of financial assets

For financial assets measured at amortised cost, the Fund measures the expected credit losses to determine the loss allowance required to be recognised. Financial assets measured at fair value through income and expenditure account are not subject to the expected credit loss assessment.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. They are measured on either of following bases:

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instruments.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund 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.

For a financial asset with lifetime expected credit losses recognised in the previous reporting period, if its credit quality improves and reverses the previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime expected credit losses to 12-month expected credit losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars using the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars using the closing exchange rates at the reporting date. Exchange gains and losses are dealt with in the income and expenditure account.

(f) Revenue recognition

- (i) Interest income is recognised as it accrues using the effective interest method.
- (ii) Dividend income is recognised when the Fund's right to receive payment is established.
- (iii) Transfer from Chinese Temples Fund (except for the surplus revenue from temples managed by the Tung Wah Group of Hospitals which is recognised when the amount can be measured reliably) is recognised when it is approved by the Committee.
- (iv) Transfer from Board of Management of the Chinese Permanent Cemeteries is recognised when the amount is received.

(g) Transfer and grants

Transfer to Tung Wah Group of Hospitals is recognised as expenditure when the corresponding income is recognised (note 2(f)(iii)) while the grants are recognised when the amounts can be measured reliably.

(h) Leases

A lease is recognised in the balance sheet as a right-of-use asset with a corresponding liability recognised at the lease commencement date, except that variable lease payments and payments associated with short-term leases having a lease term of 12 months or less and leases of low-value assets are charged to the income and expenditure account on a straight-line basis over the lease term.

(i) Right-of-use asset

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses (note 2(k)). The right-of-use asset is depreciated over the shorter of the estimated useful life of the asset and the lease term on a straight-line basis.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Fund's incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Fund 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 lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

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

(i) **Employee benefits**

Contract gratuities, salaries and annual leave entitlements are accrued and recognised as expenditure in the year in which associated services are rendered by the staff. Staff on-costs, including pension, Government's contribution to the Civil Servant Provident Fund Scheme and housing and medical benefits provided to the seconded staff by the Government, are charged as expenditure in the year in which the services are rendered.

(j) **Cash and cash equivalents**

Cash and cash equivalents include cash at banks, deposits with banks, cash with government departments and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, having been within three months of maturity when placed or acquired.

(k) **Impairment of non-financial assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that assets may be impaired or an impairment charge previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. An impairment charge is recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment charges is limited to the asset's carrying amount that would have been determined had no impairment charge been recognised in prior periods. Reversals of impairment charges are credited to surplus or deficit in the period in which the reversals are recognised.

3. RIGHT-OF-USE ASSETS

The carrying amount of right-of-use assets and the movements during the year are as follows:

Office premises

	2023 HK\$	2022 HK\$
Cost		
Balance at beginning of year	7,862,491	7,862,491
Addition during the year	6,689,128	-
Expiry of a lease contract	(7,862,491)	-
Balance at end of year	<u>6,689,128</u>	<u>7,862,491</u>
Accumulated depreciation		
Balance at beginning of year	6,333,673	3,712,843
Charge for the year	2,457,864	2,620,830
Expiry of a lease contract	(7,862,491)	-
Balance at end of year	<u>929,046</u>	<u>6,333,673</u>
Net book value		
Balance at end of year	<u>5,760,082</u>	<u>1,528,818</u>
Balance at beginning of year	<u>1,528,818</u>	<u>4,149,648</u>

The Fund entered into a tenancy agreement for its office premises for a lease term of three years during the year. All the lease payments are fixed.

**4. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME
AND EXPENDITURE ACCOUNT**

	2023	2022
	HK\$	HK\$
Equity securities listed in Hong Kong, at fair value	111,494,206	120,296,368
	=====	=====

5. ACCOUNTS RECEIVABLE

	2023	2022
	HK\$	HK\$
Interest receivable	565,657	52,362
Dividend receivable	394,563	308,295
Others	5,946	375,477
	-----	-----
	966,166	736,134
	=====	=====

6. CASH AND CASH EQUIVALENTS

	2023	2022
	HK\$	HK\$
Time deposits with original maturities within three months	52,700,057	31,926,287
Cash with government departments	12,280,079	5,969,922
Cash at banks	23,125,471	41,149,335
	-----	-----
	88,105,607	79,045,544
	=====	=====

7. LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the year, including both cash and non-cash changes, are as follows:

	2023 HK\$	2022 HK\$
Balance at beginning of year	1,556,301	4,193,162
Non-cash changes:		
Increase in lease liabilities relating to a new lease	6,689,128	-
Interest expense on lease liabilities	114,263	40,973
Changes from financing cash flows:		
Payments of lease liabilities	(2,549,603)	(2,677,834)
Balance at end of year	<u>5,810,089</u>	<u>1,556,301</u>
Classified as:		
Current liabilities	2,174,034	1,556,301
Non-current liabilities	3,636,055	-
	<u>5,810,089</u>	<u>1,556,301</u>
Maturity profile (contractual undiscounted cash flows):		
- within 1 year	2,370,082	1,562,069
- after 1 year but within 2 years	2,370,082	-
- after 2 years but within 5 years	1,382,547	-
	<u>6,122,711</u>	<u>1,562,069</u>

Expense items in relation to the lease recognised in the income and expenditure account:

	2023 HK\$	2022 HK\$
Interest expense on lease liabilities	114,263	40,973
Expense relating to short-term lease	20,492	6,051
	<u>134,755</u>	<u>47,024</u>
Total cash outflow for leases:		
Lease liabilities	2,549,603	2,677,834
Short-term lease	20,492	6,051
	<u>2,570,095</u>	<u>2,683,885</u>

8. PROVISION FOR STAFF GRATUITY

	2023 HK\$	2022 HK\$
Balance at beginning of year	1,736,076	1,640,446
Provision for the year	1,617,449	1,495,389
Payments during the year	(802,009)	(1,399,759)
	<hr/>	<hr/>
Balance at end of year	2,551,516	1,736,076
	<hr/> <hr/>	<hr/> <hr/>
Classified as:		
Current liabilities	1,849,025	542,618
Non-current liabilities	702,491	1,193,458
	<hr/>	<hr/>
	2,551,516	1,736,076
	<hr/> <hr/>	<hr/> <hr/>

9. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2023 HK\$	2022 HK\$
Staff costs	117,787	120,173
Accrued rates, management fees and other charges	24,994	24,994
Grants	59,867	1,412,762
Other operating expenses	253,558	173,124
	<hr/>	<hr/>
	456,206	1,731,053
	<hr/> <hr/>	<hr/> <hr/>

10. GRANTS

	2023 HK\$	2022 HK\$
Home Affairs Department's emergency cash relief grants	355,000	272,000
Grants for charity programmes (net of write back)	(29,186)	(139,764)
Scholarships for temple management courses	261,000	184,000
	<hr/>	<hr/>
	586,814	316,236
	<hr/> <hr/>	<hr/> <hr/>

11. STAFF COSTS

Staff costs for the year included an amount of HK\$2,793,079 (2022: HK\$2,600,108) for civil servants seconded to the Trust Funds and Temples Joint Secretariat, the executive arm of the Committee.

12. FINANCIAL RISK MANAGEMENT

The Fund's major financial instruments are financial assets measured at fair value through income and expenditure account, accounts receivable, time deposits, cash and cash equivalents, accounts payable and accrued charges and lease liabilities. The major risks associated with these financial instruments are set out below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk of the financial assets of the Fund at the reporting date is equal to their carrying amounts.

For accounts receivable, the Committee believes that there is no material credit risk inherent in the Fund's outstanding balance because the counterparties have no history of default in the past.

To minimise the credit risk arising from time deposits and cash at banks, all deposits and bank balances are placed with reputable licensed banks in Hong Kong. For the cash balances placed with government departments, the credit risk is considered to be minimal.

The credit quality of time deposits and bank balances, analysed by the ratings designated by Moody's, at the reporting date is as follows:

	2023	2022
	HK\$	HK\$
Time deposits and bank balances,		
by credit rating		
Aa1 to Aa3	45,979,247	46,601,857
A1 to A3	54,613,563	50,459,693
Baa1	25,711,394	25,816,871
	<u>126,304,204</u>	<u>122,878,421</u>
	=====	=====

While the financial assets measured at amortised cost are subject to the impairment requirements, the Fund has estimated that their expected credit losses are minimal and considers that no loss allowance is required.

(b) Market risk

Market risk is the risk that changes in market variables such as equity prices and interest rates may affect the fair value or cash flows of a financial instrument.

(i) Equity price risk

Equity price risk is the risk of loss arising from changes in equity prices. The Fund's financial assets measured at fair value through income and expenditure account are subject to the price risk inherent in all such investments i.e. the value of holdings may fall as well as rise.

To manage the risk due to fluctuation in equity prices, the Committee regularly reviews the investment portfolio and the investment guidelines for monitoring the investment activities of the Fund. It was estimated that, as at the reporting date, if the market prices of the respective equity securities had been 15% (2022: 15%) higher/lower, the surplus of the Fund for the year and the accumulated fund would increase/decrease by HK\$16,724,000 (2022: HK\$18,044,000). The sensitivity analysis was based on the carrying amounts of equity securities held by the Fund at the reporting date and on the assumption that all other variables were held constant.

(ii) Interest rate risk

Interest rate risk is the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Since the Fund's bank deposits bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's surplus/deficit and accumulated fund.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to material cash flow interest rate risk because interest income from financial instruments bearing interest at a floating rate is not significant.

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in currency exchange rates.

At the reporting date, the Fund maintained financial instruments in foreign currencies, as follows:

	2023	2022
	HK\$	HK\$
US dollar	394,563	308,091

As Hong Kong dollar is pegged to the US dollar within a narrow range, it is considered that the Fund had no significant exposure to foreign currency risk relating to this currency.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effect of fluctuations in cash flows. Hence, the Fund does not have significant exposures to liquidity risk.

As at 31 March 2023, the remaining contractual maturities of all financial liabilities except for the lease liabilities, based on contractual undiscounted cash flows and the earliest date on which the Fund can be required to pay, were one year or less (2022: one year or less).

The maturity profile of the lease liabilities is disclosed in note 7.

13. FAIR VALUE MEASUREMENT

(a) Fair value hierarchy of financial instruments

The following table presents the carrying value of financial instruments measured at fair value at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 “Fair Value Measurement”.

	2023		2022	
	Level 1 HK\$	Total HK\$	Level 1 HK\$	Total HK\$
Assets				
Financial assets measured at fair value through income and expenditure account				
Equity securities				
- listed in Hong Kong	111,494,206	111,494,206	120,296,368	120,296,368
	=====	=====	=====	=====

No financial instruments were classified under Level 2 or Level 3. There were no transfers between levels during the reporting years.

The three levels of the fair value hierarchy are:

- Level 1: fair values are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair values are determined with inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair values are determined with inputs that are not based on observable market data (unobservable inputs).

(b) Valuation techniques and key inputs

The fair value of financial instruments classified under Level 1 is based on the quoted market prices of these financial instruments at the reporting date, without any deduction for estimated future selling costs.

All other financial assets and financial liabilities are stated in the balance sheet at amounts equal to or not materially different from their fair values.

14. CAPITAL MANAGEMENT

The capital of the Fund consists solely of accumulated fund. The Fund's objectives when managing capital are:

- (a) to comply with section 9(1) of the Chinese Temples Ordinance and the General Chinese Charities Fund Directions; and
- (b) to maintain a strong capital base for carrying out the purposes of the Fund as stated in note 1 above.

The Fund manages capital by monitoring its level to ensure that it is sufficient to fund future grants and expenditure, taking into account its projected cash flow requirements, future financial obligations and commitments.

15. COMMITMENTS

As at 31 March 2023, the financial commitments approved by the Committee, so far as not provided for in the financial statements, were as follows:

	2023	2022
	HK\$	HK\$
Grants for charity programmes	954,090	1,045,920
	=====	=====