

GENERAL CHINESE CHARITIES FUND

Report of the Chinese Temples Committee on the administration of the Fund for the year ended 31 March 2024

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 losses on investment) was HK\$42.67 million (mainly including investment income and transfer from Chinese Temples Fund, etc.). The losses on investment were HK\$9.79 million. The total expenditure of the Fund was HK\$36.61 million (mainly including staff costs and operating expenses, etc.). The Fund recorded a deficit of HK\$3.73 million for 2023-24.

4. The audited Financial Statements of the Fund for the year ended 31 March 2024 is at Appendix II.



(Miss Alice MAK)

Secretary for Home and Youth Affairs

Chairman

Chinese Temples Committee

3 December 2024

GENERAL CHINESE CHARITIES FUND

**Membership of the Chinese Temples Committee
(1.4.2023 - 31.3.2024)**

Secretary for Home and Youth Affairs	(Chairman)
Mr WAI Ho-man, Herman Chairman of the Board of Directors of Tung Wah Group of Hospitals	(from 1.4.2023 to 31.3.2024)
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 2024

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 2024, 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 material accounting policy information.

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 2024, 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.



Ms Elaine Chang
Principal Auditor (Acting)
for Director of Audit

3 December 2024

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

GENERAL CHINESE CHARITIES FUND
BALANCE SHEET AS AT 31 MARCH 2024

	Note	2024 HK\$	2023 HK\$
NON-CURRENT ASSETS			
Right-of-use assets	3	3,530,373	5,760,082
Financial assets measured at fair value through income and expenditure account	4	101,918,113	111,494,206
		<u>105,448,486</u>	<u>117,254,288</u>
CURRENT ASSETS			
Accounts receivable	5	1,169,006	966,166
Prepayments		488,584	175,943
Sundry deposits		4,776	4,776
Time deposits with original maturities over three months		49,817,606	50,478,676
Cash and cash equivalents	6	93,884,966	88,105,607
		<u>145,364,938</u>	<u>139,731,168</u>
CURRENT LIABILITIES			
Lease liabilities	7	(2,268,026)	(2,174,034)
Provision for staff gratuity	8	(1,190,908)	(1,849,025)
Provision for untaken leave		(577,593)	(489,722)
Accounts payable and accrued charges	9	(666,320)	(456,206)
		<u>(4,702,847)</u>	<u>(4,968,987)</u>
NET CURRENT ASSETS		<u>140,662,091</u>	<u>134,762,181</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>246,110,577</u>	<u>252,016,469</u>
NON-CURRENT LIABILITIES			
Lease liabilities	7	(1,368,029)	(3,636,055)
Provision for staff gratuity	8	(792,430)	(702,491)
		<u>(2,160,459)</u>	<u>(4,338,546)</u>
NET ASSETS		<u>243,950,118</u>	<u>247,677,923</u>
Representing:			
ACCUMULATED FUND		<u>243,950,118</u>	<u>247,677,923</u>

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
3 December 2024

**GENERAL CHINESE CHARITIES FUND
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 HK\$	2023 HK\$
INCOME			
Dividend income		5,117,475	7,095,826
Interest income		4,822,958	1,980,989
Transfer from Chinese Temples Fund		32,721,770	27,741,162
Net realised and revaluation (losses)/gains on financial assets measured at fair value through income and expenditure account		(9,785,753)	95,131
Net exchange gains		-	609
Donations		7,924	-
Other income		-	7,125
		32,884,374	36,920,842
EXPENDITURE			
Transfer to Tung Wah Group of Hospitals		(2,721,770)	(7,741,162)
Grants	10	(5,602,366)	(586,814)
Staff costs	11	(23,654,423)	(22,132,557)
Depreciation on right-of-use assets	3	(2,229,709)	(2,457,864)
Rates, management fees and other charges		(429,386)	(424,360)
Interest expense on lease liabilities		(196,048)	(114,263)
Other operating expenses		(1,778,477)	(1,964,122)
		(36,612,179)	(35,421,142)
(DEFICIT)/SURPLUS FOR THE YEAR		(3,727,805)	1,499,700
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(3,727,805)	1,499,700

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 2024**

	HK\$
ACCUMULATED FUND	
Balance at 1 April 2022	246,178,223
Total comprehensive income for 2022-23	1,499,700
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Balance at 31 March 2023	247,677,923
Total comprehensive loss for 2023-24	(3,727,805)
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Balance at 31 March 2024	243,950,118
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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 2024**

	Note	2024 HK\$	2023 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(3,727,805)	1,499,700
Adjustments for:			
Depreciation on right-of-use assets		2,229,709	2,457,864
Dividend income		(5,117,475)	(7,095,826)
Interest income		(4,822,958)	(1,980,989)
Interest expense on lease liabilities		196,048	114,263
Net realised and revaluation losses/(gains) on financial assets measured at fair value through income and expenditure account		9,785,753	(95,131)
Net exchange gains		-	(609)
Transfer from Chinese Temples Fund		(2,721,770)	(7,741,162)
Transfer to Tung Wah Group of Hospitals		2,721,770	7,741,162
(Increase)/Decrease in accounts receivable		(35,190)	369,531
Increase in prepayments		(312,641)	(41,919)
Decrease in sundry deposits		-	127,979
(Decrease)/Increase in provision for staff gratuity		(568,178)	815,440
Increase in provision for untaken leave		87,871	14,933
Increase/(Decrease) in accounts payable and accrued charges		210,114	(1,274,847)
NET CASH USED IN OPERATING ACTIVITIES		<u>(2,074,752)</u>	<u>(5,089,611)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets measured at fair value through income and expenditure account		6,210,340	9,369,788
Acquisition of financial assets measured at fair value through income and expenditure account		(6,420,000)	-
Decrease/(Increase) in time deposits with original maturities over three months		661,070	(675,877)
Dividend received		4,981,474	6,537,672
Interest received		4,791,309	1,467,694
NET CASH FROM INVESTING ACTIVITIES		<u>10,224,193</u>	<u>16,699,277</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	7	(2,370,082)	(2,549,603)
NET CASH USED IN FINANCING ACTIVITIES		<u>(2,370,082)</u>	<u>(2,549,603)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,779,359	9,060,063
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		88,105,607	79,045,544
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	<u>93,884,966</u>	<u>88,105,607</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. MATERIAL 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). Material accounting policies adopted by the Fund are 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. These include the following which may be relevant to the Fund.

**Effective for accounting
periods beginning on or after**

HKFRS 18 “Presentation and Disclosure in
Financial Statements”

1 January 2027

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 measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial assets or the issue of the 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 accounts receivable, sundry deposits, time deposits, and cash and cash equivalents. 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, and accounts payable and accrued charges. They are subsequently measured at amortised cost using the effective interest method, except for lease liabilities as stated in note 2(h)(ii).

(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 from listed equity securities is recognised when the share price is quoted ex-dividend.
- (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) Donation income is recognised once 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 lease liability 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 measured at cost less accumulated depreciation and impairment losses (note 2(k)). The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the asset's estimated useful life.

(ii) Lease liability

The lease liability is measured 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, the Fund's incremental borrowing rate. The lease liability is subsequently adjusted by the effect of the interest on and the settlement of the lease liability, and the remeasurement arising from any reassessment of lease liability or lease modification.

(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 comprise cash at banks, cash with government departments and time deposits with original maturities within three months.

(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

	2024 HK\$	2023 HK\$
Cost		
Balance at beginning of year	6,689,128	7,862,491
Addition during the year	-	6,689,128
Expiry of a lease contract	-	(7,862,491)
Balance at end of year	6,689,128	6,689,128
Accumulated depreciation		
Balance at beginning of year	929,046	6,333,673
Charge for the year	2,229,709	2,457,864
Expiry of a lease contract	-	(7,862,491)
Balance at end of year	3,158,755	929,046
Net book value		
Balance at end of year	3,530,373	5,760,082
Balance at beginning of year	5,760,082	1,528,818

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

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

	2024 HK\$	2023 HK\$
Equity securities listed in Hong Kong, at fair value	101,918,113	111,494,206

5. ACCOUNTS RECEIVABLE

	2024 HK\$	2023 HK\$
Interest receivable	597,306	565,657
Dividend receivable	530,564	394,563
Others	41,136	5,946
	1,169,006	966,166

6. CASH AND CASH EQUIVALENTS

	2024 HK\$	2023 HK\$
Time deposits with original maturities within three months	50,397,278	52,700,057
Cash with government departments	22,015,256	12,280,079
Cash at banks	21,472,432	23,125,471
	93,884,966	88,105,607

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:

	2024 HK\$	2023 HK\$
Balance at beginning of year	5,810,089	1,556,301
Non-cash changes:		
Increase in lease liabilities relating to a new lease	-	6,689,128
Interest expense on lease liabilities	196,048	114,263
Changes from financing cash flows:		
Payments of lease liabilities	(2,370,082)	(2,549,603)
Balance at end of year	3,636,055	5,810,089
Classified as:		
Current liabilities	2,268,026	2,174,034
Non-current liabilities	1,368,029	3,636,055
	3,636,055	5,810,089
Maturity profile (contractual undiscounted cash flows):		
- within 1 year	2,370,082	2,370,082
- after 1 year but within 2 years	1,382,547	2,370,082
- after 2 years but within 5 years	-	1,382,547
	3,752,629	6,122,711

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

	2024 HK\$	2023 HK\$
Interest expense on lease liabilities	196,048	114,263
Expense relating to short-term lease	21,492	20,492
	217,540	134,755
Total cash outflow for leases:		
Lease liabilities	2,370,082	2,549,603
Short-term lease	21,492	20,492
	2,391,574	2,570,095

8. PROVISION FOR STAFF GRATUITY

	2024 HK\$	2023 HK\$
Balance at beginning of year	2,551,516	1,736,076
Provision for the year	1,719,788	1,617,449
Payments during the year	(2,287,966)	(802,009)
Balance at end of year	<u>1,983,338</u>	<u>2,551,516</u>
Classified as:		
Current liabilities	1,190,908	1,849,025
Non-current liabilities	792,430	702,491
	<u>1,983,338</u>	<u>2,551,516</u>

9. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2024 HK\$	2023 HK\$
Staff costs	121,026	117,787
Accrued rates, management fees and other charges	-	24,994
Grants	150,000	59,867
Other operating expenses	395,294	253,558
	<u>666,320</u>	<u>456,206</u>

10. GRANTS

	2024 HK\$	2023 HK\$
Home Affairs Department's emergency cash relief grants	5,071,000	355,000
Grants for charity programmes (net of write back)	208,366	(29,186)
Scholarships for temple management courses	323,000	261,000
	<u>5,602,366</u>	<u>586,814</u>

11. STAFF COSTS

Staff costs for the year included an amount of HK\$3,258,717 (2023: HK\$2,793,079) 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, lease liabilities, and accounts payable and accrued charges. 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:

	2024 HK\$	2023 HK\$
Time deposits and bank balances, by credit rating		
Aa1 to Aa3	65,726,139	45,979,247
A1 to A3	33,471,730	54,613,563
Baa1	22,489,447	25,711,394
	<hr/> 121,687,316 <hr/>	<hr/> 126,304,204 <hr/>

(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. As at 31 March 2024, it is estimated that a 15% (2023: 15%) increase/decrease in market prices of the equity securities, with all other variables held constant, would have decreased/increased the deficit for the year by HK\$15,288,000 (2023: increased/decreased the surplus for the year by HK\$16,724,000). The sensitivity analysis above is based on the assumption that the change in market prices had occurred at the reporting date and had been applied to the equity securities in existence at that date.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 for the year.

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 assets in foreign currencies, as follows:

	2024 HK\$	2023 HK\$
US dollar	530,585	394,563
	=====	=====

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 2024, 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 (2023: 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”.

	2024		2023	
	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	101,918,113	101,918,113	111,494,206	111,494,206

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 2024, the financial commitments approved by the Committee, so far as not provided for in the financial statements, were as follows:

	2024 HK\$	2023 HK\$
Grants for charity programmes	787,044	954,090
	=====	=====