

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

AARON CHAN CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING) LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

HONG KONG

Non-Profit Making Veterinary Services Society Limited
Reports and financial statements
For the year ended June 30, 2021

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Executive committee members and their interests

The executive committee members who held office during the year and up to the date of this report were :

Chow Wai Sun
Chan Siu Yan, Veronica
Lee Yim Pui, Phyllis
Hui Siu Ming
Chan Yuen Fun, Ava

None of the executive committee members had a material beneficial interest in any transaction, arrangement or contract of significance to which the company was a party during the year.

At no time during the year was the company a party to any arrangements to enable the executive committee members of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

Management contracts

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

Permitted indemnity provision

No permitted indemnity provision was in force for the executive committee members' benefits during the year and at the time of approval of this report.

Auditor

Messrs. Aaron Chan Certified Public Accountants (Practising) Limited retire and, being eligible, offer themselves for re-appointment.

On behalf of the Executive
Committee



Hui Siu Ming
Chairman

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED ("NPV")

(LIMITED BY GUARANTEE)

REPORT OF THE EXECUTIVE COMMITTEE

The executive committee has pleasure in submitting its annual report and the audited financial statements of the company for the year ended June 30, 2021.

Results

The surplus of the company for the year ended June 30, 2021 and the state of affairs of the company as at that date are set out in the accompanying financial statements.

Principal activities

The principal activities of the company have not changed during the year and consisted of provision of non-profit making veterinary services.

Business review

NPV's core business is to provide affordable medical services to mainly dogs and cats, both with and without owners, in Hong Kong.

In the year of 2019 - 2021, our business grows healthily even during the time of Hong Kong economic struggles with various challenges. On one hand, we never fail to offer very affordable veterinary services to animals, and we firmly stand as one of the market leaders.

We have recorded a 15,000 plus in numbers client growth in this fiscal year and our client base is now close to 200,000. Such encouraging result is due to our breakthrough in the scope of our services. NPV recruited 2 senior vets who can take up a lot of difficult responsibilities on both surgeries and internal medicine. And with the help of our Imaging Centre which officially opened in September 2019, ever increasing numbers of complicated cases are drawn to NPV. This brings a structural change to our business model in that NPV is no longer just a very busy clinic of "General Practice ", but also a full-equipped animals hospital which is competitive in even high end sector.

Coping with such fast development, human resources becomes our biggest challenge. Besides recruitment, training is also not of less importance. We pay huge efforts and resources on setting up our training regime and protocol in order to strengthen our team for further growth set ahead.

As a responsible social entrepreneur and Animals Welfare Charity, we continue to work out an animal friendly and harmonious society. During this fiscal year, we neutered 1,114 stray animals and saved 92 lives from serious injuries. We give more than 100 talks to schools advocating animal welfare. Moreover, NPV strictly follows all stringent protocol set out by Environment Bureau of HK Government. Our mission is protecting animals and their living environment as well.

Property, plant and equipment

Movements in the property, plant and equipment of the company during the year are set out in Note 3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED
(INCORPORATED IN HONG KONG LIMITED BY GUARANTEE)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Non-Profit Making Veterinary Services Society Limited ("the Company") set out on pages 6 to 16, which comprise the statement of financial position as at June 30, 2021, and the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Privates Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

The executive committee is responsible for the other information. The other information comprises the report of the executive committee, 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 MEMBERS OF
NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED
(INCORPORATED IN HONG KONG LIMITED BY GUARANTEE) (CONT'D)

Responsibilities of Executive Committee for the Financial Statements

The executive committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the executive committee 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 executive committee is 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 executive committee either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement 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.

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

(FOR MANAGEMENT INFORMATION ONLY)

(Expressed in Hong Kong dollars)

	<u>2021</u>	<u>2020</u>
<u>INCOME</u>		
Clinic service income	\$ 99,929,927	\$ 95,920,127
Donations and fund raising income	528,712	588,952
Bank interest income	493	28,204
Miscellaneous event income	257,150	292,446
Sundry income	51,031	19,581
Government subsidy income	2,173,269	2,173,269
Net exchange gain	-	7,991
	<u>\$102,940,582</u>	<u>\$ 99,030,570</u>
<u>LESS : OPERATING EXPENSES</u>		
Advertising	\$ 25,372	\$ 24,690
Agency fee	40,000	-
Auditor's remuneration	45,000	43,000
Bank interest and other charges	874,804	1,029,749
Building management fee	165,493	9,400
Cleaning expenses	448,267	381,604
Clinic tools	67,614	62,136
Clinic consumables	16,131,991	19,565,124
Computer expenses	24,593	7,812
Depreciation	2,079,317	2,037,014
Events expenses	566	5,729
Insurance	478,895	360,169
Legal and professional fee	21,668	4,400
License fees	189,820	179,055
Medicine consumables	8,843,725	9,069,321
MPF contributions	1,244,513	1,095,418
Miscellaneous event expenses	19,120	17,625
Mobile clinic expenses	120,193	108,278
Postage and delivery	26,432	39,893
Stationery and supplies	294,975	285,985
Prescription diet	5,802,696	5,704,738
Rent and rates	5,526,605	4,357,520
Repairs and maintenance	493,870	290,560
Staff benefits	525,500	604,000
Staff salaries	44,799,278	40,848,386
Staff messing	107,692	84,611
Sundry expenses	35,020	37,881
Telecommunications	302,525	313,839
Travelling	65,426	79,529
Testing charges	3,301,900	2,664,669
Utilities	415,664	455,988
	<u>\$ 92,518,534</u>	<u>\$ 89,768,123</u>
Surplus for the year	<u>\$ 10,422,048</u>	<u>\$ 9,262,447</u>

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT - STRAY ANIMAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

(FOR MANAGEMENT INFORMATION ONLY)

(Expressed in Hong Kong dollars)

	<u>2021</u>	<u>2020</u>
<u>INCOME</u>		
Donations		
- General	\$ 1,032,090	\$ 639,164
- A.F. Fund	133,000	-
- CFCP	20,180	-
Bank interest income	<u>53</u>	<u>899</u>
	\$ 1,185,323	\$ 640,063
	-----	-----
<u>LESS : OPERATING EXPENSES</u>		
Bank interest and other charges	\$ 9,251	\$ 3,263
Postage and delivery	6,960	4,420
Printing and stationery	2,234	4,707
Rent	346,000	351,867
Repair and maintenance	600	-
Sundry expenses	743	1,019
Telecommunication	-	673
Travelling	659	128
Treatment expenses	<u>1,444,229</u>	<u>1,186,484</u>
	\$ 1,810,676	\$ 1,552,561
	-----	-----
Deficit for the year	\$ (625,353)	\$ (912,498)
	=====	=====

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021
(Expressed in Hong Kong dollars)

<u>ASSETS AND LIABILITIES</u>	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	3	\$ 5,121,107	\$ 6,006,055
Renovation works in progress		<u>2,722,548</u>	<u>-</u>
		\$ 7,843,655	\$ 6,006,055
		-----	-----
<u>CURRENT ASSETS</u>			
Prepayments		\$ 58,250	\$ 54,716
Rental and utility deposits		2,300,609	1,541,762
Cash and cash equivalents	4	29,663,970	30,402,248
Inventories	5	<u>10,388,779</u>	<u>4,671,856</u>
		\$ 42,411,608	\$ 36,670,582
		-----	-----
<u>LESS : CURRENT LIABILITIES</u>			
Accounts payable, accruals and other payables		\$ 8,222,127	\$ 9,834,180
Obligations under a finance lease	6	<u>553,930</u>	<u>606,016</u>
		\$ 8,776,057	\$ 10,440,196
		-----	-----
<u>NET CURRENT ASSETS</u>		\$ 33,635,551	\$ 26,230,386
<u>LESS : NON-CURRENT LIABILITIES</u>			
Obligations under a finance lease	6	<u>290,975</u>	<u>844,905</u>
<u>TOTAL NET ASSETS</u>		\$ 41,188,231	\$ 31,391,536
		=====	=====
REPRESENTED BY :			
<u>CAPITAL AND RESERVES</u>			
General fund		\$ 39,707,832	\$ 29,285,784
Stray Animal fund		<u>1,480,399</u>	<u>2,105,752</u>
<u>TOTAL FUNDS</u>		\$ 41,188,231	\$ 31,391,536
		=====	=====

Approved by the Executive Committee
on



Hui Siu Ming



Lee Yim Pui, Phyllis

See accompanying notes

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED
(INCORPORATED IN HONG KONG LIMITED BY GUARANTEE) (CONT'D)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee.
- Conclude on the appropriateness of the executive committee's 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.

We communicate with the executive committee 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.

AARON CHAN CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING) LIMITED
Certified Public Accountants
Room 1509, C.C. Wu Building
302-308 Hennessy Road
Wanchai, Hong Kong

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

(Expressed in Hong Kong dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Turnover	7	\$ 99,929,927	\$ 95,920,127
Other revenues	7	<u>4,195,978</u>	<u>3,750,506</u>
		\$ 104,125,905	\$ 99,670,633
Staff costs		(46,676,983)	(42,632,415)
Administrative and other operating expenses		(46,768,972)	(47,655,257)
Finance costs	8	<u>(883,255)</u>	<u>(1,033,012)</u>
Surplus and total comprehensive income for the year	9	<u>\$ 9,796,695</u>	<u>\$ 8,349,949</u>

See accompanying notes

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

(Expressed in Hong Kong dollars)

	<u>General fund</u>	<u>Stray Animal fund</u>	<u>Total</u>
Balance at June 30, 2019	\$ 20,023,337	\$ 3,018,250	\$ 23,041,587
Surplus (deficit) and total comprehensive income (loss) for the year ended June 30, 2020	<u>9,262,447</u>	<u>(912,498)</u>	<u>8,349,949</u>
Balance at June 30, 2020	\$ 29,285,784	\$ 2,105,752	\$ 31,391,536
Surplus (deficit) and total comprehensive loss for the year ended June 30, 2021	<u>10,422,048</u>	<u>(625,353)</u>	<u>9,796,695</u>
Balance at June 30, 2021	<u>\$ 39,707,832</u> =====	<u>\$ 1,480,399</u> =====	<u>\$ 41,188,231</u> =====

See accompanying notes

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

(Expressed in Hong Kong dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Surplus for the year	\$ 9,796,695	\$ 8,349,949
Adjustments for :		
Depreciation	2,079,317	2,037,014
Interest income	(547)	(29,103)
Finance lease and loan interest expenses	<u>78,899</u>	<u>115,342</u>
Operating surplus before working capital changes	\$ 11,954,364	\$ 10,473,202
(Increase) decrease in prepayments	(3,534)	96,704
Increase in rental and utility deposits	(758,847)	(42,000)
Increase in inventories	(5,716,923)	(56,443)
(Decrease) increase in accounts payable, accruals and other payables	<u>(1,612,053)</u>	<u>1,956,458</u>
Net cash generated from operating activities	\$ 3,863,007	\$ 12,427,921
Cash flows from investing activities		
Purchase of property, plant and equipment	\$(1,194,369)	\$(1,183,896)
Renovation works in progress	(2,722,548)	-
Interest received	<u>547</u>	<u>29,103</u>
Net cash used in investing activities	\$(3,916,370)	\$(1,154,793)
Cash flows from financing activities		
Finance lease draw down	\$ -	\$ 2,148,000
Finance lease and loan interest paid	(78,899)	(115,342)
Repayment of finance lease liabilities	<u>(606,016)</u>	<u>(961,215)</u>
Net cash (used in) generated from financing activities	\$(684,915)	\$ 1,071,443
Net (decrease) increase in cash and cash equivalents	\$(738,278)	\$ 12,344,571
Cash and cash equivalents at beginning of year	<u>30,402,248</u>	<u>18,057,677</u>
Cash and cash equivalents at end of year (Note 4)	<u>\$ 29,663,970</u>	<u>\$ 30,402,248</u>

See accompanying notes

NON-PROFIT MAKING VETERINARY SERVICES SOCIETY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1. Corporate information

The company was incorporated in Hong Kong being limited by guarantee from its members and not having a share capital. The address of its registered office and principal business place is located at Shop 24, 24 Ki Lung Street, Sham Shui Po, Hong Kong.

Under the provision of the company's Articles of Association, every member shall, in the event of the company being wound up, contribute to the assets of the company to the extent of HK\$1. According to the membership register prepared by the executive committee at June 30, 2021, the company had 21 members including the executive committee members (2020 : 21 members).

During the year, the company's principal activities have not changed and consisted of provision of non-profit making veterinary services.

2. Basis of accounts preparation and significant accounting policies

(a) Basis of account preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, unless otherwise stated as explained in the principal accounting policies set out below.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to write off the cost less accumulated impairment losses, if any, of the property, plant and equipment on a straight line method over the following estimated useful lives of the assets :

Leasehold improvements	:	5 years
Computer equipment	:	5 years
Furniture and fixtures	:	5 years

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sale proceeds and the carrying amount of the item and is recognised in profit or loss on the date of disposal or retirement.

2. Basis of accounts preparation and significant accounting policies (cont'd)

(c) Impairment of non-financial assets

At each reporting date, property, plant and equipment, intangible assets and investments in subsidiaries and associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(d) Accounts and other receivables

Accounts and other receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method less provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Inventories

Inventories represent mainly medical consumables which are valued at the lower of cost and net realisable value. Cost is arrived at on the weighted average basis.

Net realisable value is determined by reference to estimated selling price less expected further costs to be incurred to completion and disposal.

At each reporting date, inventories are assessed for impairment and the carrying amount is reduced to its net realisable value with the impairment loss recognised in profit or loss.

(g) Accounts and other payables

Accounts and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2. Basis of accounts preparation and significant accounting policies (cont'd)

(h) Revenue recognition

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably as follows :

(i) Clinic service income

Clinic service income is recognised when the services are rendered.

(ii) Donations and fund raising income

Donations and fund raising income are recognised on an accrual basis.

(iii) Interest income

Interest income is recognised using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

(iv) Miscellaneous event income

Miscellaneous event income is recognised when there is a transfer of ownership of goods or when services are rendered.

(v) Government subsidy income

Government subsidy income is recognised when the company complies with the conditions attached to the subsidy and when it is received.

(i) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(j) Finance leases

Where the company acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or if lower, the present value of the minimum lease payments, of such assets are included in non-current assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases.

Depreciation and impairment loss are calculated and recognised in the same manner as owned assets, except that the estimated useful lives cannot exceed the relevant lease terms, if shorter.

3. Property, plant and equipment

	<u>Leasehold improvements</u>	<u>Computer equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
<u>Cost</u>				
At July 1, 2020	\$ 5,104,945	\$ 525,013	\$ 6,988,692	\$12,618,650
Additions	<u>-</u>	<u>256,612</u>	<u>937,757</u>	<u>1,194,369</u>
At June 30, 2021	<u>\$ 5,104,945</u>	<u>\$ 781,625</u>	<u>\$ 7,926,449</u>	<u>\$13,813,019</u>
<u>Accumulated Depreciation</u>				
At July 1, 2020	\$ 2,515,446	\$ 370,358	\$ 3,726,791	\$ 6,612,595
Charge for the year	<u>864,418</u>	<u>104,314</u>	<u>1,110,585</u>	<u>2,079,317</u>
At June 30, 2021	<u>\$ 3,379,864</u>	<u>\$ 474,672</u>	<u>\$ 4,837,376</u>	<u>\$ 8,691,912</u>
<u>Net book value</u>				
At June 30, 2021	<u>\$ 1,725,081</u>	<u>\$ 306,953</u>	<u>\$ 3,089,073</u>	<u>\$ 5,121,107</u>
At June 30, 2020	<u>\$ 2,589,499</u>	<u>\$ 154,655</u>	<u>\$ 3,261,901</u>	<u>\$ 6,006,055</u>

At June 30, 2021, furniture and fixtures with a net book value of HK\$1,319,683 (2020 : HK\$1,849,723) were held under a finance lease.

4. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
Bank balances and cash	\$ 29,425,764	\$ 30,004,733
Cash in transit	<u>238,206</u>	<u>397,515</u>
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	<u>\$ 29,663,970</u>	<u>\$ 30,402,248</u>

5. Inventories

At year end date, inventories comprised :

	<u>2021</u>	<u>2020</u>
Medical consumable	<u>\$ 10,388,779</u>	<u>\$ 4,671,856</u>

2. Basis of accounts preparation and significant accounting policies (cont'd)

(j) Finance leases (cont'd)

Finance charge implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(k) Operating leases

Leases where substantially all of the risks and rewards of ownership of the assets remain with the lessors are accounted for as operating leases. Rentals applicable to such operating leases net of any incentives received from the lessors are charged to profit or loss on the straight line basis over the respective lease terms.

(l) Employee benefits

(i) Short term employee benefits

Salaries, commissions and allowances and other costs to the company of non-monetary benefits are accrued in the year when the associated services are rendered by the employees of the company.

(ii) Defined contribution retirement plan

The company operates a defined contribution retirement scheme in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance, the assets of which are held in separate trustee-administered funds. The scheme is funded by payments from employees and by the company. The company's contributions to the defined contribution scheme are expensed as incurred.

(iii) Employee leave entitlements

Employee entitlements to annual and compensation leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual and compensation leave as a result of services rendered by employees up to the balance sheet date.

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

(iv) Termination benefits

Termination benefits are recognised when, and only when the company demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

6. Obligations under a finance lease

The carrying value of lease payments under a finance lease is analysed as follows :

	<u>2021</u>	<u>2020</u>
Not later than one year	\$ 553,930	\$ 606,016
Later than one year	<u>290,975</u>	<u>844,905</u>
	\$ 844,905	\$ 1,450,921
	=====	=====

7. Turnover and revenues

Revenues recognised during the year were as follows :

	<u>2021</u>	<u>2020</u>
Turnover		
Clinic service income	\$ 99,929,927	\$ 95,920,127
	-----	-----
Other revenues		
Donations and fund raising income	1,713,982	1,228,116
Bank interest income	547	29,103
Miscellaneous event income	257,150	292,446
Sundry income	51,030	19,581
Government subsidy (Note)	2,173,269	2,173,269
Exchange gain	-	7,991
	<u>4,195,978</u>	<u>3,750,506</u>
	-----	-----
Total revenues	\$ 104,125,905	\$ 99,670,633
	=====	=====

Note : Cash subsidy from the Employment support scheme under the Anti-epidemic Fund.

8. Finance costs

	<u>2021</u>	<u>2020</u>
Bank charges	\$ 804,356	\$ 917,670
Finance lease and loan interest expenses	<u>78,899</u>	<u>115,342</u>
	\$ 883,255	\$ 1,033,012
	=====	=====

9. Surplus for the year

Surplus for the year has been determined after charging the following items :

	<u>2021</u>	<u>2020</u>
Auditor's remuneration	\$ 45,000	\$ 43,000
Depreciation of property, plant and equipment		
- Owned	1,548,917	1,529,614
- Under a finance lease	530,400	507,400
Operating lease rentals in respect of land and buildings	5,872,605	4,645,736
	=====	=====

10. Taxation

The company is a charitable organisation within the meaning of Section 88, Chapter 112 of the Inland Revenue Ordinance and accordingly it has been exempted from Hong Kong profits tax.

11. Executive committee members' remuneration

Executive committee members' remuneration disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation is HK\$Nil (2020 : HK\$Nil).

12. Operating lease commitments

The total outstanding future minimum lease payments under non-cancellable operating leases for land and buildings at end of year are analysed as follows :

	<u>2021</u>	<u>2020</u>
For the period :		
Not later than one year	\$ 3,578,947	\$ 3,526,000
Later than one year but not later than five years	9,006,144	1,108,500
More than five years	7,598,934	-
	\$ 20,184,025	\$ 4,634,500
	=====	=====