

ASSOCIATION FOR ENGINEERING AND
MEDICAL VOLUNTEER SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

REPORT OF THE COMMITTEE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2020

The members of the Executive Committee have pleasure in submitting their annual report and the audited financial statements of the Association for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The Association is an incorporated voluntary and non-profit making body. Its principal activity is provision of engineering and medical professional services to needy individuals and organizations.

RESULTS AND APPROPRIATIONS

The results for the year ended 31 March 2020 and the state of affairs of the Association at that date are set out in the financial statements on pages 6 to 28.

PLANT AND EQUIPMENT

Movements in plant and equipment during the year are set out in Note 4 to the financial statements.

RESERVES

Details of movements in the reserve accounts of the Association during the year are set out in Note 6 to 28 to the financial statements.

COMMITTEE MEMBERS

The committee members of the Association during the year were as follows:-

Mr Chan Yuk Keung
Mr Law Chit Wai
Mr Chan Fan, JP (Resigned on 5 December 2019)
Dr Chan Hok Sum
Mr Cheung Kin Man
Ms Hong Wai Chi
Mr Fong Wai Lap
Mr Leung Kwok Fai
Ms Cheung Kam Ling Margaret
Mr Kwan Fu Kei, Larry
Ms Kwan Tak Ying, Estella

In accordance with article 34 of the Association's Articles of Association, all committee members will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

REPORT OF THE COMMITTEE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2020

- Continued -

COMMITTEE MEMBERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE ASSOCIATION'S OPERATION

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

MANAGEMENT CONTRACTS

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

AUDITORS

The financial statements have been audited by Messrs. Chan & Man, Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Executive Committee


Mr. Law Chit Wai, Chairman

Dated: 28 OCT 2020
Hong Kong

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES
(Incorporated in Hong Kong and limited by guarantee)

OPINION

We have audited the financial statements of Association For Engineering And Medical Volunteer Services (the "Association") set out on pages 6 to 28, which comprise the statement of financial position as at 31 March 2020, statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

OTHER INFORMATION

The committee members **are** responsible for the other information. The other information comprises the information included in the Report of the Committee Members, but does not include the financial statements and our auditors' 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 on the other information obtained prior to the date of this auditors' report, 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 AUDITORS' REPORT

TO THE MEMBERS OF
ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES
(Incorporated in Hong Kong and limited by guarantee)

- Continued -

RESPONSIBILITIES OF COMMITTEE MEMBERS FOR THE FINANCIAL STATEMENTS

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES
(Incorporated in Hong Kong and limited by guarantee)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

- Continued -

- Conclude on the appropriateness of the committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with committee members 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.

Chan & Man

Certified Public Accountants
(Practising)

Hong Kong
Date: 28 OCT 2020

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK\$	2019 HK\$
INCOME		
Designated donations:		
Others	1,203,478	161,684
Subventions:		
Hong Kong Jockey Club Charities Trust	1,811,224	2,553,447
Community Chest	1,710,200	1,660,300
Social Welfare Department - HKSAR Government	19,613,915	17,613,390
- Lotteries Fund	99,474	-
- Block Grant	253,000	230,000
- Community Care Fund	563,908	430,524
	<u>25,255,199</u>	<u>22,649,345</u>
Subventions from Employees Retraining Board utilized	52,337	-
Service income	7,933,162	8,953,823
	<u>33,240,698</u>	<u>31,603,168</u>
OTHER REVENUE		
Interest income	15,482	4,992
Sundry income	11,120	13,400
	<u>33,267,300</u>	<u>31,621,560</u>
EXPENDITURE		
Salaries	17,776,581	16,379,952
Provident fund contributions and charges	1,296,858	988,362
Provision for long service payment	(47,851)	24,834
Programme and services expenses	7,134,634	7,863,051
Repairs and maintenance	351,045	305,012
Printing, postage and stationery	158,853	137,892
Travelling	259,419	223,355
Telephone and fax	105,495	149,665
Electricity and water	466,342	517,575
Insurance	102,412	88,407
Rent and rates	1,689,544	1,571,590
Cleaning	286,125	216,747
Depreciation	2,577	1,447
Advertising	29,060	26,616
General expenses	156,109	66,604
Annual general meeting and dinner	30,490	21,780
Equipment and uniform	647,163	471,611
Staff training	400	500
Motor vehicles	91,355	88,567
Audit fee	32,000	33,000
SWD Fund	23,865	325,737
	<u>(30,592,476)</u>	<u>(29,502,304)</u>
SURPLUS FOR THE YEAR	<u>2,674,824</u>	<u>2,119,256</u>
	=====	=====

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK\$	2019 HK\$
- Continued -		
SURPLUS FOR THE YEAR	2,674,824	2,119,256
TRANSFERS FROM/(TO):		
General Fund	52,251	(105,739)
Service Foundation Fund	(1,019,294)	(85,400)
Supported Employment Services	(378,442)	(157,374)
Jockey Club Desktop Publishing Centre	47,778	211,627
Home Care Services	(365,999)	(284,070)
The Endeavor	(777,006)	(596,893)
Laundry Workshop	(37,401)	8,065
One-Stop Promotional and Distribution Service	-	(20,450)
Jockey Club Digital Inclusion Centre	57,210	(746,863)
Electric Wheelchair Repair Clinic and Resource Centre	(236,289)	(402,264)
EC Farm - Vocational Training and Horticulture Educational Scheme	28,062	9,599
Community Care Fund - Pilot Scheme on Home Care and Support for Elderly Persons with Mild Impairment	(45,694)	50,506
ACCUMULATED BALANCE AT END OF YEAR	- =====	- =====

The annexed notes form an integral part of these financial statements

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020


	NOTE	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Loans to disabled	3	177,887	288,051
Plant and equipment	4	5,153	-
		<u>183,040</u>	<u>288,051</u>
		-----	-----
CURRENT ASSETS			
Prepayments and other receivables		1,501,713	1,769,306
Utility deposits		168,030	166,830
Current portion of loans to disabled	3	291,019	319,995
Cash and bank balances		18,816,566	16,465,664
		<u>20,777,328</u>	<u>18,721,795</u>
		-----	-----
CURRENT LIABILITIES			
Bank overdraft		25,576	110,981
Accounts payable		410,338	596,699
Accruals		32,000	29,000
Receipts in advance		79,219	66,683
		<u>(547,133)</u>	<u>(803,363)</u>
		-----	-----
NET CURRENT ASSETS		<u>20,230,195</u>	<u>17,918,432</u>
		-----	-----
NON-CURRENT LIABILITIES			
Long service payments obligation	5	<u>(300,553)</u>	<u>(348,404)</u>
		-----	-----
TOTAL ASSETS		<u>20,112,682</u>	<u>17,858,079</u>
		=====	=====

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	NOTE	2020 HK\$	2019 HK\$
- Continued -			
Represented by:			
General Fund	6	-	-
Service Foundation Fund	7	5,232,463	4,265,420
Independent Living Fund	8	2,585,108	2,585,108
Supported Employment Services	9	278,853	278,853
Jockey Club Desktop Publishing Centre	10	(1,697,764)	(1,649,986)
Home Care Services	11	528,150	528,150
The Endeavor	12	50,573	4,117
Laundry workshop	13	64,490	27,089
Social Welfare Department			
Lump Sum Grant Reserve	14	10,437,054	8,892,713
Social Welfare Department Provident Fund	15	1,689,967	1,745,610
Social Welfare Department Central Items	16	142,917	142,917
Social Welfare Department Block Grant	17	329,076	370,246
Social Welfare Department			
Rent and Rates	18	(770,607)	(705,463)
Community-based support projects for Persons			
with disabilities and their families	19	130,686	130,686
Community-based support projects for			
Persons with disabilities and their families			
就業局並肩	20	-	-
One-Stop Promotional and Distribution Service	21	-	-
Social Welfare Development Fund	22	387,079	464,693
Jockey Club Digital Inclusion Centre	23	(84,511)	(27,301)
Electric Wheelchair Repair Clinic and			
Resource Centre	24	1,479,511	1,243,222
EC Farm - Vocational Training and			
Horticulture Educational Scheme	25	(577,553)	(299,491)
Community Care Fund - Pilot Scheme on			
Home Care and Support for Elderly Persons			
with Mild Impairment	26	(92,700)	(138,394)
Training Subsidy Programme for children on			
the waiting list of subvented pre-school			
rehabilitation services	27	(110)	(110)
TOTAL FUNDS		<u>20,112,682</u>	<u>17,858,079</u>

The financial statements on pages 6 to 28 were approved by the members of Executive Committee on **28 OCT 2020** and were signed on its behalf


Mr Law Chit Wai
Chairman


Mr Cheung Kin Man
Committee member

The annexed notes form an integral part of these financial statements

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2020

	<u>2020</u> HK\$	<u>2019</u> HK\$
Total equity at 1 April	17,858,079	15,775,764
Surplus for the year	2,674,824	2,119,256
Refund to Government	(420,221)	(36,941)
	<hr/>	<hr/>
Total equity at 31 March	20,112,682 =====	17,858,079 =====

The annexed notes form an integral part of these financial statements

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK\$	2019 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	2,674,824	2,119,256
Adjustments for:		
Provision for long service payment	(47,851)	24,834
Interest income	(15,482)	(4,992)
Depreciation	2,577	1,447
Operating surplus before movements in working capital	2,614,068	2,140,545
Changes in loans to disabled	139,140	352,063
Changes in prepayments and other receivables	267,593	225,911
Changes in utility deposits	(1,200)	(5,000)
Changes in accounts payable	(186,361)	(34,881)
Changes in accruals	3,000	(1,000)
Changes in receipts in advance	12,536	31,306
Cash generated from operations	2,848,776	2,708,944
Refund to Government	(420,221)	(36,941)
Net long service payment	-	(27,895)
Net cash generated from operating activities	2,428,555	2,644,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire plant and equipment	(7,730)	-
Interest income received	15,482	4,992
Net cash generated from investing activities	7,752	4,992
NET CHANGES IN CASH AND CASH EQUIVALENTS	2,436,307	2,649,100
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	16,354,683	13,705,583
CASH AND CASH EQUIVALENTS CARRIED FORWARD	18,790,990	16,354,683
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
	2020 HK\$	2019 HK\$
Cash at bank and in hand	18,816,566	16,465,664
Bank overdraft	(25,576)	(110,981)
	18,790,990	16,354,683

The annexed notes form an integral part of these financial statements.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION

The Association was incorporated under the laws of Hong Kong on 5 June 1990. Pursuant to Section 21 of the Companies Ordinance, the Association has obtained approval from the Registrar of Companies to register the Association without incorporating the word "Limited" to its name.

The Association is limited by guarantee and, accordingly, it is not authorized to issue share capital. The liability of members is limited to HK\$100 each.

There were 10 members as at the statement of financial position date (2019: 11).

The address of its registered office is No. 207-212, Podium Floor, Block 44, Shek Kip Mei Estate, Kowloon.

The principal activity is provision of engineering and medical professional services to needy individuals and organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Association. Note 2(c) below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Association for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statement

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20202. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued -

(c) Changes in accounting policies and disclosures

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Association. Of these, none of the developments are relevant to the Association's financial statements.

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

(d) Income recognition

Income is recognized when it is probable that the economic benefits will flow to the Association and when the income can be measured reliably, on the following bases:

- (i) Subventions, when there is reasonable assurance that the Association will comply with the conditions attaching to the subventions and that the subventions will be received. Subventions are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis;
- (ii) Donations and membership annual subscriptions, upon actual cash receipt;
- (iii) Interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (iv) Service income, in the period in which such services are rendered.

(e) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Association will comply with the conditions attaching to them. Grants that compensate the Association for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Association for the cost of an assets are deducted from the carrying amount of the assets and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(f) Impairment of assets

At each reporting date, the Association reviews the carrying amounts of its assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an assets is estimated in order to determine the extent of the impairment loss.

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

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20202. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued -

(g) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. For property, plant and equipment which are funded by government grants or other grants, such grants are deducted in arriving at the carrying amount of the assets, and the balance of the cost of these assets are depreciated over their estimated useful lives.

Depreciation is calculated to write off the cost/value of each asset, less their estimated residual value, if any, using the straight line method over their estimated useful lives. The principle annual rates used for this purpose are as follows:-

Furniture and equipment	33 $\frac{1}{3}$ %
Leasehold improvement	50%

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in the statement of comprehensive income and expenditure on the date of retirement or disposal.

(h) Receivable

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

A provision for impairment of the receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

(i) Payables

Payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at original invoice amount.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into 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 Association's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20202. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued -

(k) Employee benefits*Employment Ordinance long service payments*

Certain of the Association's employees have completed the required number of years of service to the Association in order to be eligible for long service payments under Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Association is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognized in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Association to the statement of financial position date.

A contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Association, to the statement of financial position date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognized in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Association.

Pension schemes

The Association operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income and expenditure as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Association in an independently administered fund. The Association's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(l) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the statement of income and expenditure on the straight-line basis over the lease terms.

(m) Designated donations and related expenditure

Designated donations received are credited directly to the respective funds. Expenditures are charged to these funds where appropriate.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20202. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued -

(n) Provision and contingent liabilities

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

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

3. LOANS TO DISABLED

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of year	608,046	960,109
Advances during the year	190,000	82,000
Repayment during the year	(329,140)	(434,063)
At end of year	<u>468,906</u>	<u>608,046</u>
Portion classified as current assets	(291,019)	(319,995)
Non-current portion	<u>177,887</u> =====	<u>288,051</u> =====

These are unsecured, interest-free and are repayable by monthly instalments.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20204. PLANT AND EQUIPMENT

	<u>Furniture & Equipment</u> HK\$	<u>Leasehold Improvement</u> HK\$	<u>Total</u> HK\$
COST			
At 01.04.2018 & 31.03.2019	180,746	128,100	308,846
Addition	7,730	-	7,730
At 31.03.2020	<u>188,476</u>	<u>128,100</u>	<u>316,576</u>
	-----	-----	-----
ACCUMULATED DEPRECIATION			
At 01.04.2018	179,299	128,100	307,399
Charge for the year	1,447	-	1,447
At 31.03.2019	<u>180,746</u>	<u>128,100</u>	<u>308,846</u>
Charge for the year	2,577	-	2,577
At 31.03.2020	<u>183,323</u>	<u>128,100</u>	<u>311,423</u>
	-----	-----	-----
NET BOOK VALUE			
At 31.03.2020	<u>5,153</u>	<u>-</u>	<u>5,153</u>
	=====	=====	=====
At 31.03.2019	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====

5. LONG SERVICE PAYMENTS OBLIGATION

The Association had provided long service payments for employees who had fulfilled the required number of years of service under Hong Kong's Employment Ordinance (the 'Employment Ordinance') on their termination of employment.

The provision for long service payments is calculated in accordance with the provisions of the Employment Ordinance and is reduced by the cumulative employer's contribution to the MPF.

At 31 March 2020, 35 employees (2019: 38) had fulfilled the required number of years of service under Employment Ordinance. The total amount of the provision for long service payment should be HK\$945,752 (2019: HK\$1,168,793).

However, Social Welfare Department will subvent the long service payments for the employees under Supported Employment Services, Integrated Home Care and the Endeavor. No provision was recognised in respect of such payment as no material outflow of resources will be required to settle the obligation. The correspondence amount was disclosed as contingent liability in Note 31 to the financial statements.

The provision was only recognised for the employees under Central Administration.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20206. GENERAL FUND

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	-	-
Transfer from statement of comprehensive income	(52,251)	105,739
Transfer to Service Foundation Fund - note 7	52,251	(105,739)
Balance at end of year	- =====	- =====

7. SERVICE FOUNDATION FUND

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	4,265,420	4,074,281
Transfer from statement of comprehensive income	1,019,294	85,400
Transfer from General Fund - note 6	(52,251)	105,739
Balance at end of year	5,232,463 =====	4,265,420 =====

The Service Foundation Fund ("SFF") was set up to support the development of new services of the Association and the surplus balance of SFF will be used to offset against any deficits in the General Fund.

8. INDEPENDENT LIVING FUND

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	2,585,108	2,585,108
Bad debt	-	-
Balance at end of year	2,585,108 =====	2,585,108 =====

The Independent Living Fund was set up separately to provide interest-free loans to the disabled and, accordingly, it is not to be used to cover any deficits which were derived from any other services or funds.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20209. SUPPORTED EMPLOYMENT SERVICES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	278,853	297,276
Transfer from statement of comprehensive income	378,442	157,374
Transfer to Social Welfare Department		
Lump Sum Grant Reserve - note 14	(378,442)	(155,894)
Transfer to Social Welfare Department		
Provident Fund - note 15	-	-
Transfer to Social Welfare Department		
Rent and Rates - note 18	-	-
Transfer to One Stop Promotion Service - note 21	-	(19,903)
Balance at end of year	<u>278,853</u> =====	<u>278,853</u> =====

The Supported Employment Services, commenced in March 1995, provides employment opportunities to the disabled.

10. JOCKEY CLUB DESKTOP PUBLISHING CENTRE

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	(1,649,986)	(1,438,359)
Transfer to statement of comprehensive income	(47,778)	(211,627)
Balance at end of year	<u>(1,697,764)</u> =====	<u>(1,649,986)</u> =====

The funding from The Hong Kong Jockey Club Charities Trust and Chinese Permanent Cemeteries was used to set up a workshop to provide training and employment for the disabled since March 1996 and, accordingly, it is not to be used to cover any deficits which were derived from any other services or funds.

11. HOME CARE SERVICES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	528,150	528,150
Transfer from statement of comprehensive income	365,999	284,070
Transfer to Social Welfare Department		
Lump Sum Grant Reserve - note 14	(365,999)	(284,070)
Balance at end of year	<u>528,150</u> =====	<u>528,150</u> =====

The Home Care Services aims to provide home care to the elderly and disabled, as well as needy families so as to assist them to continue living in the community.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202012. THE ENDEAVOR

	2020 HK\$	2019 HK\$
Balance at beginning of year	4,117	4,481
Transfer from statement of comprehensive income	777,006	596,853
Transfer to Social Welfare Department		
Lump Sum Grant Reserve - note 14	(777,006)	(596,853)
Transfer from Social Welfare Development		
Lump Sum Grant Reserve - note 14	46,456	-
Transfer to Social Welfare Development Fund - note 22	-	(364)
Balance at end of year	50,573 =====	4,117 =====

This is an integrated vocational rehabilitation service centre subvented by the Social Welfare Department.

13. LAUNDRY WORKSHOP

	2020 HK\$	2019 HK\$
Balance at beginning of year	27,089	35,154
Transfer to statement of comprehensive income	37,401	(8,065)
Balance at end of year	64,490 =====	27,089 =====

The Clean Laundry was funded by the grants from the 'Enhancing Employment of People with Disabilities through Small Enterprise' Project of the Social Welfare Department. The Project commenced operation since February 2006. The project is to operate on a self-finance mode after expiry of funding support from the Social Welfare Department.

14. SOCIAL WELFARE DEPARTMENT LUMP SUM GRANT RESERVE

	2020 HK\$	2019 HK\$
Balance at beginning of year	8,892,713	8,451,741
Transfer from Supported Employment Services - note 9	378,442	155,894
Transfer from Home Care Services - note 11	365,999	284,070
Transfer from The Endeavor - note 12	777,006	596,893
Transfer to Social Welfare Department		
Provident Fund - note 15	55,643	(73,672)
Transfer to The Endeavor - note 12	(46,456)	-
Transfer to Social Welfare Department		
Block Grant - note 17	41,170	(54,128)
Transfer from Social Welfare Department		
Rent and Rates - note 18	64,405	59,964
Transfer from/(to) Social Welfare Development Fund		
- note 22	(103,586)	(261,989)
Transfer to EC Farm - Vocational Training and		
Horticulture Educational Scheme - note 25	250,000	(250,000)
Refund to Government	(238,282)	(16,060)
Balance at end of year	10,437,054 =====	8,892,713 =====

In accordance with the Lump Sum Grant Manual issued by the Social Welfare Department in October 2000 and adopted by the Association, any unspent lump sum grant is to be transferred to and kept in a separate reserve fund.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202015. SOCIAL WELFARE DEPARTMENT PROVIDENT FUND

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	1,745,610	1,671,938
Transfer from Social Welfare Department		
Lump Sum Grant Reserve - note 14	(55,643)	73,672
Transfer from Supported Employment Service - note 9	-	-
Balance at end of year	<u>1,689,967</u> =====	<u>1,745,610</u> =====

In accordance with the Lump Sum Grant Manual issued by the Social Welfare Department in April 2005, any unspent lump sum grant is to be transferred to and kept in a separate reserve fund.

16. SOCIAL WELFARE DEPARTMENT CENTRAL ITEMS

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	142,917	163,449
Transfer from Social Welfare Department		
Rent & rates - note 18	-	-
Surplus refund to Social Welfare Department	-	(20,532)
Balance at end of year	<u>142,917</u> =====	<u>142,917</u> =====

In accordance with the Lump Sum Grant Manual issued by the Social Welfare Department in April 2005, any unspent lump sum grant is to be transferred to and kept in a separate reserve fund.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202017. SOCIAL WELFARE DEPARTMENT BLOCK GRANT

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	370,246	316,118
Transfer from Social Welfare Department Lump Sum Grant Reserve - note 14	(41,170)	54,128
Balance at end of year	<u>329,076</u> =====	<u>370,246</u> =====

The Block Grant aims to meet the minor and routine Furniture and Equipment replenishment and repairs and maintenance requirements of Agencies in respect of their subvented welfare service so as to replace the need for individual applications.

Movement of the F&E Replenishment and Minor Works Block Grant Reserve is as follows:-

		HK\$
Credit balance b/f from previous financial year		370,246
Add: Block Grant received during the year	253,000	
Interest income received	649	
	<u> </u>	253,649
Less: Expenditure during the year (Note):-		
Minor works projects	262,406	
Furniture and equipment	32,413	
	<u> </u>	(294,819)
Credit balance c/f to the next financial year		<u>329,076</u> =====

Capital Commitments

As at 31 March 2020, the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Grant were as follows:

	HK\$
Contracted for but not provided in the financial statements	-
Authorized but not contracted for	-
	<u> </u> - =====

Note: Expenditure charged to Block Grant during the year should be full expenditure amount, i.e. the actual expenditure incurred in 2019-20.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202018. SOCIAL WELFARE DEPARTMENT RENT AND RATES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	(705,463)	(645,150)
Transfer to Social Welfare Department Lump Sum Grant Reserve - note 14	(64,405)	(59,964)
Transfer from Supported Employment Service - note 9	-	-
Transfer to Social Welfare Department Central items - note 16	-	-
Refund to Government	(739)	(349)
Balance at end of year	(770,607) =====	(705,463) =====

In accordance with the Lump Sum Grant Manual Issued by the Social Welfare Department in April 2005, any unspent lump sum grant is to be transferred to and kept in a separate reserve fund.

19. COMMUNITY-BASED SUPPORT PROJECTS FOR PERSONS WITH DISABILITIES AND THEIR FAMILIES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning and end of year	130,686 =====	130,686 =====

Community-based Support Projects for Persons with Disabilities and their Families aims to provide comprehensive and continuous on-the-job support to persons with disabilities so as to enhance their adaptation and problem solving abilities. The ultimate goal is to assist them to retain their employment. Support is also rendered to their families to relieve their pressure and improve their family relationship.

20. COMMUNITY-BASED SUPPORT PROJECTS FOR PERSONS WITH DISABILITIES AND THEIR FAMILIES 就業肩並肩

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	-	-
Transfer to statement of comprehensive income	-	-
Balance at end of year	- ===	- ===

Community-based Support Projects for Persons with Disabilities and their Families aims to provide comprehensive and continuous on-the-job support to persons with disabilities so as to enhance their adaptation and problem solving abilities. The ultimate goal is to assist them to retain their employment. Support is also rendered to their families to relieve their pressure and improve their family relationship.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202021. ONE-STOP PROMOTIONAL AND DISTRIBUTION SERVICE

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	-	(40,353)
Transfer from statement of comprehensive income	-	20,450
Transfer from Supported Employment Services - note 9	-	19,903
Balance at end of year	<u>-</u> =====	<u>-</u> =====

One-Stop Promotion is the second social enterprise of the Association which aims to provide reliable one-stop promotional services for customers and at the same time creating employment opportunities for disabled persons. Services included design, printing, distribution of flyers, establishment and management of database, letter shopping and delivery services.

22. SOCIAL WELFARE DEVELOPMENT FUND

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	464,693	202,340
Transfer (to)/from Social Welfare Department		
Lump Sum Grant Reserve - note 14	103,586	261,989
Transfer from the Endeavor - note 12	-	364
Surplus refund to Social Welfare Department	(181,200)	-
Balance at end of year	<u>387,079</u> =====	<u>464,693</u> =====

The Fund is allocated by the Social Welfare Department to support training, capacity enhancement initiatives and service delivery enhancement studies.

Movement of the Social Welfare Development Fund (SWDF) is as follows:-

	HK\$	HK\$
(a)Balance of SWDF brought forward - Phase 2		181,200
(a)Balance of SWDF brought forward - Phase 3		283,493
		(a) <u>464,693</u>
<u>Income</u>		
(b)Allocation from SWDF during the financial year		(b) 127,025
(c)Interest received during the financial year - Phase 3		(c) 426
<u>(d)Expenditure</u>		
1. Expenditure for projects under scope A	12,365	
2. Expenditure for projects under scope B (non-IT)	-	
3. Expenditure for projects under scope B (IT)	-	
4. Expenditure for projects under scope C	-	
5. Expenditure for Administrative Support		
Total expenditure during financial year	<u>11,500</u>	
		(d) <u>(23,865)</u>
Surplus refund to Social Welfare Department - Phase 2		(181,200)
Balance for Phase 3		<u>387,079</u>
(e)Balance carried forward to the next financial year		(e) <u>387,079</u>
(e)=(a)+(b)+(c)-(d)		=====

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202022. SOCIAL WELFARE DEVELOPMENT FUND

- Continued -

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for application, SWD's approval letter(s) and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

23. JOCKEY CLUB DIGITAL INCLUSION CENTRE

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	(27,301)	(774,164)
Transfer (to)/from statement of comprehensive income	(57,210)	746,863
Balance at end of year	<u>(84,511)</u> =====	<u>(27,301)</u> =====

The Centre aims to narrow the digital divide and enhancing digital accessibility of people with disabilities and elderly such that they can also benefit from the advancement in technology.

24. ELECTRIC WHEELCHAIR REPAIR CLINIC AND RESOURCE CENTRE

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	1,243,222	840,958
Transfer from statement of comprehensive income	236,289	402,264
Balance at end of year	<u>1,479,511</u> =====	<u>1,243,222</u> =====

The Centre provides repair, maintenance and rental of electric wheelchair so as to facilitate mobility of people with disabilities and elderly and thus their integration into the community.

25. EC FARM - VOCATIONAL TRAINING AND HORTICULTURE EDUCATIONAL SCHEME

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	(299,491)	(539,892)
Transfer to statement of comprehensive income	(28,062)	(9,599)
Transfer (to)/from Social Welfare Department Lump Sum Grant Reserve - note 14	(250,000)	250,000
Balance at end of year	<u>(577,553)</u> =====	<u>(299,491)</u> =====

The Farm Project, commenced in March 2013, provides training opportunities for people with disabilities on farming and horticulture and facilitate their integration into the community.

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

26. COMMUNITY CARE FUND - PILOT SCHEME ON HOME CARE AND SUPPORT FOR ELDERLY PERSONS WITH MILD IMPAIRMENT

During the year, the Association has implemented Community Care Fund ("CCF") assistance programme. According to the requirement of CCF, the Association is required to disclose the income and expenditure for the programme in its financial statements.

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	(138,394)	(87,888)
Transfer from/(to) statement of comprehensive income	45,694	(50,506)
Balance at end of year	<u>(92,700)</u> =====	<u>(138,394)</u> =====

Community Care Fund aims to provide home care and support services to elderly with mild impairment.

Movement of the CCF - Pilot scheme on Home Care and Support for Elderly Persons with Mild Impairment is as follows:-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at the beginning of year	(138,394)	(87,888)
<u>Income</u>		
Subsidy from CCF	563,908	430,524
Fees income received from participants	32,581	23,456
	<u>458,095</u>	<u>366,092</u>
<u>Expenditure</u>		
Audit fee	3,000	3,000
Salaries	406,228	380,407
Provident fund	20,396	16,406
Programme expenses	103,325	90,230
Printing, stationery and postage	56	29
Travelling	3,326	1,825
Telephone and fax	6,305	5,648
Electricity and water	8,159	6,941
	<u>(550,795)</u>	<u>(504,486)</u>
Deficit for the year	(92,700)	(138,394)
Balance at the end of the year	<u>(92,700)</u> =====	<u>(138,394)</u> =====

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202027. TRAINING SUBSIDY PROGRAMME FOR CHILDREN ON THE WAITING LIST OF SUBVENTED PRE-SCHOOL REHABILITATION SERVICES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	(110)	(110)
Transfer to statement of comprehensive income	-	-
Balance at end of year	<u>(110)</u> ===	<u>(110)</u> ===

Training Subsidy Programme for children in the waiting list of subvented pre-school Rehabilitation Services aims to provide rehabilitation services for children wait-listed for subvented pre-school rehabilitation services.

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

No remuneration was paid or payable to the committee members which needs to be disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G).

29. TAXATION

No provision for Hong Kong profits tax has been made since the Association is a charitable institution and, accordingly, is exempted from Hong Kong tax under Section 88 of the Inland Revenue Ordinance.

30. LEASE COMMITMENTAs lessor

At the reporting date, the Association had future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:-

	<u>2020</u> HK\$	<u>2019</u> HK\$
Within one year	1,509,036	1,507,536
After one year but within five years	1,430,436	2,567,472
After five years	-	-
	<u>2,939,472</u> =====	<u>4,075,008</u> =====

ASSOCIATION FOR ENGINEERING AND MEDICAL VOLUNTEER SERVICES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202031. CONTINGENT LIABILITY

	<u>2020</u> HK\$	<u>2019</u> HK\$
Long service payments obligation - note 5	645,199 =====	820,389 =====

32. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Association is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk
- Liquidity risk

Policies for managing these risks are set by the management of the Association. The policy for each of the above risks is described in more detail below.

Fair value and cash flow interest rate risk

As the Association has no significant third party interest-bearing assets/liabilities other than in Hong Kong dollar bank deposits, the Association's income and operating cash flows are substantially independent of changes in market interest rates.

Liquidity risk

The Association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.