

SOCIAL WORKERS REGISTRATION BOARD

**Reports and Financial Statements
For the year ended 31 March 2011**



FUNG, YU & CO. CPA LIMITED

馮兆林余錫光會計師事務所有限公司

**SOCIAL WORKERS REGISTRATION BOARD
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

<u>CONTENTS</u>	<u>PAGE(S)</u>
INDEPENDENT AUDITOR'S REPORT	1 & 2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION	4 & 5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASH FLOWS	7 & 8
NOTES TO THE FINANCIAL STATEMENTS	9 - 27



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

香港德輔道中 161-167 號
香港貿易中心 7 字樓
電話：(852) 2541-6632
傳真：(852) 2541-9339
網址：www.fungyu CPA.com
電郵：info@fungyu CPA.com

7/F, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: (852) 2541-6632
Fax: (852) 2541-9339
Website: www.fungyu CPA.com
E-mail: info@fungyu CPA.com

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SOCIAL WORKERS REGISTRATION BOARD ("the Board")
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)**

We have audited the financial statements of Social Workers Registration Board set out on pages 3 to 27, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of principal accounting policies and other explanatory notes.

Board's responsibility for the financial statements

The Board is responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Social Workers Registration Ordinance, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with the Social Workers Registration 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation of financial statements that give a true and fair view 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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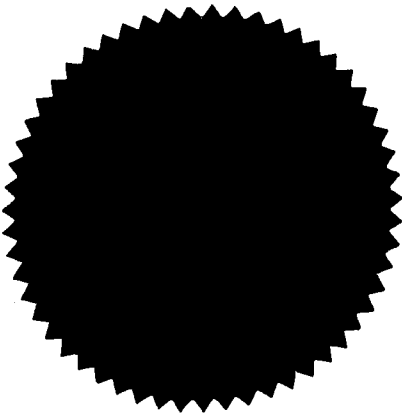
**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SOCIAL WORKERS REGISTRATION BOARD ("the Board")
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Board's affairs as at 31 March 2011, and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Social Workers Registration Ordinance.

FUNG, YU & CO. CPA LIMITED
Certified Public Accountants (Practising)

YU Sak Kwong, Frederick
Practising Certificate Number: P00215



Date: 16 NOV 2011

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 HK\$	2010 (restated) HK\$
Turnover - Registration and Re-application fees	5 & 6	6,513,800.00	6,243,500.00
Other revenue	7	<u>391,543.78</u>	<u>526,092.92</u>
		6,905,343.78	6,769,592.92
Staff costs	8	(3,091,892.62)	(2,993,941.37)
Depreciation on property, plant and equipment	13	(880,353.01)	(348,945.33)
Loss on disposal of property, plant and equipment		(1,342.40)	-
Other operating expenses	9	<u>(2,091,142.90)</u>	<u>(3,571,860.58)</u>
Surplus / (deficit) from operations		840,612.85	(145,154.36)
Finance cost	12	<u>(184,446.36)</u>	<u>(81,535.03)</u>
Surplus / (deficit) for the year		656,166.49	(226,689.39)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>656,166.49</u></u>	<u><u>(226,689.39)</u></u>

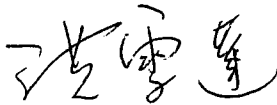
SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Notes	31/3/2011	31/3/2010 (restated)	31/3/2009
		HK\$	HK\$	HK\$
Non-current assets				
Property, plant and equipment	13	22,176,637.50	20,059,008.69	109,160.02
Held-to-maturity securities	14	5,939,826.80	6,060,310.65	11,134,599.69
		28,116,464.30	26,119,319.34	11,243,759.71
Current assets				
Rental and utility deposits		21,300.00	261,020.00	213,840.00
Accounts receivable and sundry debtor		335,343.98	3,452,215.44	152,743.53
Interest receivable		1,112.79	80.94	1,870.15
Prepayments		127,881.19	57,908.27	69,688.77
Cash and bank balances		6,659,783.78	5,477,224.47	15,863,679.74
		7,145,421.74	9,248,449.12	16,301,822.19
Deduct:				
Current liabilities				
Accounts payable and accrued charges		507,184.22	501,626.01	231,871.45
Rental deposits received		45,000.00	84,300.00	-
Current portion of mortgage loan - secured	15	738,328.91	720,544.68	-
Provision for long service payments	16	136,103.17	154,673.53	164,981.44
Provision for staff training	17	34,000.00	34,000.00	34,000.00
Provision for unused annual leave	18	235,060.56	224,252.64	223,578.77
		1,695,676.86	1,719,396.86	654,431.66
Net current assets		5,449,744.88	7,529,052.26	15,647,390.53
		<u>33,566,209.18</u>	<u>33,648,371.60</u>	<u>26,891,150.24</u>

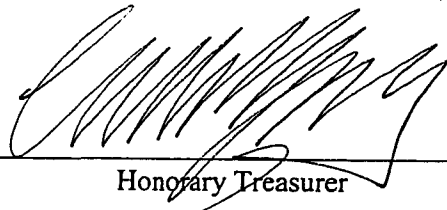
SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2011

	Notes	2011 HK\$	2010 (restated) HK\$	2009 HK\$
Financed by:				
General fund		27,320,627.34	26,664,460.85	26,891,150.24
Non-current liability				
Long-term portion of mortgage loan - secured	15	6,245,581.84	6,983,910.75	-
		<u>33,566,209.18</u>	<u>33,648,371.60</u>	<u>26,891,150.24</u>

Approved and authorized for issue by the Board on 16 NOV 2011
 On behalf of the Board:



Chairperson



Honorary Treasurer

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

	General fund HK\$
Balance at 1 April 2009	26,891,150.24
Total comprehensive income for the year	<u>(226,689.39)</u>
Balance at 31 March 2010	26,664,460.85
Total comprehensive income for the year	<u>656,166.49</u>
Balance at 31 March 2011	<u><u>27,320,627.34</u></u>

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2011

	2011 HK\$	2010 (restated) HK\$
Cash flows from operating activities		
Surplus / (deficit) for the year	656,166.49	(226,689.39)
Adjustments for:-		
Depreciation on property, plant and equipment	880,353.01	348,945.33
Bank interest income	(10,170.07)	(7,908.84)
Interest income from bonds	(164,164.35)	(361,459.72)
Overprovision of long service payments	(18,570.36)	(10,307.91)
Increases in provision for unused annual leave	10,807.92	673.87
Loss on disposal of property, plant and equipment	1,342.40	-
Finance cost	184,446.36	81,535.03
Operating surplus / (deficit) before working capital changes	1,540,211.40	(175,211.63)
Decrease / (increase) in rental and utility deposits	239,720.00	(47,180.00)
Decrease / (increase) in accounts receivable and sundry debtor	3,116,871.46	(3,299,471.91)
(Increase) / decrease in prepayments	(69,972.92)	11,780.50
Increases in accounts payable and accrued charges	5,558.21	269,754.56
(Decrease) / increase in rental deposits received	(39,300.00)	84,300.00
Net cash from / (used in) operating activities	4,793,088.15	(3,156,028.48)
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,999,324.22)	(20,298,794.00)
Bank interest received	9,138.22	9,698.05
Bonds interest received	284,648.20	435,748.76
Redemption of held-to-maturity securities	-	5,000,000.00
Net cash used in investing activities	(2,705,537.80)	(14,853,347.19)
Cash flows from financing activities		
New mortgage loan	-	8,000,000.00
Repayment of mortgage loan	(720,544.68)	(295,544.57)
Mortgage loan interest paid	(184,446.36)	(81,535.03)
Net cash (used in) / from investing activities	(904,991.04)	7,622,920.40
Net increase / (decrease) in cash and cash equivalents	1,182,559.31	(10,386,455.27)
Balance carried forward	1,182,559.31	(10,386,455.27)

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

	2011 HK\$	2010 (restated) HK\$
Balance brought forward	1,182,559.31	(10,386,455.27)
Cash and cash equivalents at beginning of year	<u>5,477,224.47</u>	<u>15,863,679.74</u>
Cash and cash equivalents at end of year	<u>6,659,783.78</u>	<u>5,477,224.47</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>6,659,783.78</u>	<u>5,477,224.47</u>

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

1. **General information**

The Board is established under the Social Workers Registration Ordinance and shall prepare its financial statements as required under the Social Workers Registration Ordinance.

The Board's office is located at 27/F., Eastern Commercial Centre, 83 Nam On Street, Shau Kei Wan, Hong Kong. The Board is involved in functions as set out in section 7 of the Social Workers Registration Ordinance.

2. **Adoption of new and revised Hong Kong Financial Reporting Standards (HKFRSs)**

In the current year, the Board has adopted, for the first time, all of the new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) which are relevant to its operations and effective for the accounting year ended 31 March 2011. The impact of the adoption of the new and revised HKFRSs is as follows:

HKFRSs (Amendments) Improvements to HKFRSs 2009

- HKAS 17 Leases - Classification of leases of land and buildings

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009" removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicated that entities should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. An entity shall reassess the classification of land elements of unexpired leases at the date it adopts the amendments on the basis of information existing at the inception of the lease. It shall recognise a lease newly classified as a finance lease retrospectively in accordance with HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" if the criteria of a finance lease is met.

On the adoption of this amendment, the Board has made a reassessment of the existing land lease arrangement and concluded that such arrangement has substantially transferred all risks and rewards incidental to ownership of the leased land to the Board notwithstanding that at the end of the lease term, title will not be passed to the Board. As a result, prepaid land lease payments of the Board has been reclassified to property, plant and equipment and amortisation of prepaid land lease payments has been reclassified to depreciation retrospectively. Such reclassification had no effect on the results and the financial position of the Board.

As a result of the adoption of this amendment by the Board which has resulted in the retrospective application of an accounting policy and reclassification of certain items in the financial statements, in accordance with HKAS 1 (Revised) "Presentation of Financial Statements", the Board has presented an additional statement of financial position and related notes as at 1 April 2009 that reflect the financial position of the Board at the beginning of the earliest comparative period being presented.

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

2. Adoption of new and revised Hong Kong Financial Reporting Standards (HKFRSs) (cont'd)
HKFRSs (Amendments) Improvements to HKFRSs 2009
- HKAS 17 Leases - Classification of leases of land and buildings (cont'd)

There was no effect on the statement of financial position as at April 2009. The following tables disclose the adjustments that have been made in accordance with the amendment to each of the line items in the statement of financial position as previously reported as at 31 March 2010 and in the statement of comprehensive income as previously reported for the year ended 31 March 2010.

(i) Effect on the statement of financial position as at 31 March 2010

	At 31 March 2010 (as previously reported) HK\$	Effect of new policy (increase/ (decrease) in net assets) HK\$	At 31 March 2010 (as restated) HK\$
Non-current assets			
Property, plant and equipment	9,921,756.42	10,137,252.27	20,059,008.69
Non-current portion of prepaid land lease payments	10,125,312.04	(10,125,312.04)	-
Held-to-maturity securities	6,060,310.65	-	6,060,310.65
	<u>26,107,379.11</u>	<u>11,940.23</u>	<u>26,119,319.34</u>
Current assets			
Current portion of prepaid land lease payments	11,940.23	(11,940.23)	-
Other current assets	9,248,449.12	-	9,248,449.12
	<u>9,260,389.35</u>	<u>(11,940.23)</u>	<u>9,248,449.12</u>
Current liabilities	<u>(1,719,396.86)</u>	<u>-</u>	<u>(1,719,396.86)</u>
Net current assets	<u>7,540,992.49</u>	<u>(11,940.23)</u>	<u>7,529,052.26</u>
	<u>33,648,371.60</u>	<u>-</u>	<u>33,648,371.60</u>
General fund	26,664,460.85	-	26,664,460.85
Non-current liability	<u>6,983,910.75</u>	<u>-</u>	<u>6,983,910.75</u>
	<u>33,648,371.60</u>	<u>-</u>	<u>33,648,371.60</u>

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

2. Adoption of new and revised Hong Kong Financial Reporting Standards (HKFRSs) (cont'd)
HKFRSs (Amendments) Improvements to HKFRSs 2009
- HKAS 17 Leases - Classification of leases of land and buildings (cont'd)

(ii) Effect on the statement of comprehensive income for the year ended 31 March 2010

	2010 (as previously reported) HK\$	Effect of new policy ((increase)/ decrease in deficit for the year) HK\$	2010 (as restated) HK\$
Turnover	6,243,500.00	-	6,243,500.00
Other revenue	526,092.92	-	526,092.92
	<u>6,769,592.92</u>	<u>-</u>	<u>6,769,592.92</u>
Staffs costs	(2,993,941.37)	-	(2,993,941.37)
Depreciation on property, plant and equipment	(337,005.10)	(11,940.23)	(348,945.33)
Amortisation of prepaid land lease payments	(11,940.23)	11,940.23	-
Other operating expenses	<u>(3,571,860.58)</u>	<u>-</u>	<u>(3,571,860.58)</u>
Deficit from operations	(145,154.36)	-	(145,154.36)
Finance costs	<u>(81,535.03)</u>	<u>-</u>	<u>(81,535.03)</u>
Deficit for the year	(226,689.39)	-	(226,689.39)
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(226,689.39)</u>	<u>-</u>	<u>(226,689.39)</u>

The following tables provide the extent to which each of the line items in the statement of financial position as at 31 March 2011 and statement of comprehensive income for the year ended 31 March 2011 is higher or lower than it would have been had the previous policy still been applied in the year.

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

2. Adoption of new and revised Hong Kong Financial Reporting Standards (HKFRSs) (cont'd)
 HKFRSs (Amendments) Improvements to HKFRSs 2009
 - HKAS 17 Leases - Classification of leases of land and buildings (cont'd)

(iii) Effect on the statement of financial position as at 31 March 2011

	Effect of new policy (increase/ (decrease) in net assets) HK\$
Non-current assets	
Property, plant, equipment	10,125,312.04
Non-current portion of prepaid land lease payments	<u>(10,113,371.81)</u>
	<u>11,940.23</u>
Current assets	
Current portion of prepaid land lease payments	<u>(11,940.23)</u>
Net current assets	<u>(11,940.23)</u>
Net assets	<u>-</u>

(iv) Effect on the statement of comprehensive income for the year ended 31 March 2011

	Effect of new policy (increase/ (decrease) in surplus for the year) HK\$
Depreciation on property, plant and equipment	11,940.23
Amortisation of prepaid land lease payments	<u>(11,940.23)</u>
	<u>-</u>
Surplus for the year	<u>-</u>

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

3. New and revised HKFRSs issued but not yet effective

Up to the date of these financial statements, certain new and revised HKFRSs which may be relevant to the Board's operations and financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 March 2011. The Board is not yet in a position to state whether the impact of them would have a significant impact on the Board's results of operations and financial position.

4. Principal accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA and the accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Board.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Board and when the revenue can be measured reliably, on the following basis:-

- (i) First registration fees are recognised in the financial year of receipt.
- (ii) Annual renewal registration fees are recognised on cash basis in the financial year of receipt.
- (iii) Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

(c) Translation of foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Transactions in currencies other than the Board's functional currency (foreign currencies) are initially recorded at the rates of exchange ruling at the dates of the transactions. At each date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the date of the statement of financial position. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

4. **Principal accounting policies (cont'd)**

(c) **Translation of foreign currencies (cont'd)**

(ii) Transactions and balances (cont'd)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income or directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income or directly in equity.

(d) **Borrowing costs**

Borrowing costs are expensed when incurred, unless relating to the acquisition, construction and production of a qualifying asset where they are capitalised as part of cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(e) **Property, plant and equipment**

Assets that are held by the Board under leases which transfer to the Board substantially all the risks and rewards of the ownership are classified as being held under finance lease. Where the Board acquires the leasehold land for own use under a finance lease, the prepaid cost representing the fair value of the leasehold land is included in property, plant and equipment. Leasehold land held under a finance lease is stated at cost less accumulated depreciation and any accumulated impairment losses.

Other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of other property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure incurred after the other property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is recognised as expenses in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of other property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in profit or loss.

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

4. **Principal accounting policies (cont'd)**

(e) **Property, plant and equipment (cont'd)**

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives by using the straight-line method at the following annual rates:

Leasehold land held under finance lease over the remaining period of leases

Buildings	2.5%
Furniture and fixtures	20%
Office equipment	20%
Computer equipment	33.33%
Leasehold improvement	20%

(f) **Financial assets**

The Board classifies its financial assets in the following categories: held-to-maturity securities, financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Board determines the classification of its financial assets at initial recognition.

(i) **Held-to-maturity securities**

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Board has the expressed intention and positive ability to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the statement of financial position at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

(ii) **Loans and receivables**

Loans and receivables (including rental and utility deposits, accounts receivable and sundry debtor, interest receivable, prepayments, and cash and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and thereafter stated at amortised cost less any impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, the receivables are stated at cost less any impairment losses for bad and doubtful debts.

Financial assets are recognised in the statement of financial position when the Board becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

4. **Principal accounting policies (cont'd)**

(f) **Financial assets (cont'd)**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Board transfers substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

(g) **Impairment of assets**

At each date of the statement of financial position, the carrying amounts of the Board's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss 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.

(h) **Financial liabilities**

Financial liabilities measured at amortised cost (including accounts payable and accrued charges, rental deposits received and mortgage loan) are initially recognised at fair value less directly attributable transaction costs and are subsequent measured at amortised cost, using the effective interest method, unless the balances are interest-free loans obtained from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, they are stated at cost.

Financial liabilities are recognised in the statement of financial position when the Board becomes a party to the contractual provisions of the instruments. The Board derecognises financial liabilities when the obligation specified in the contract is discharged or cancelled or expires.

(i) **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease rentals payable / receivable are charged / credited to profit or loss on a straight-line basis over the respective lease terms.

(j) **Employee benefits**

(i) **Defined contribution plans**

The obligations for contributions to defined contribution retirement scheme are recognised in profit or loss as incurred. The assets of the scheme are held separately from those of the Board in an independently administered fund.

(ii) **Long service payments**

Provision is made on an accrual basis for long service payments to employees which are payable upon termination of their employments, and are reduced by provisions made for employees who leave the Board and are not eligible for long service payments under the Hong Kong Employment Ordinance. Provision for long service payments is only made for employees who have been continuously employed by the Board for five years or more.

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

4. **Principal accounting policies (cont'd)**

(k) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in 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 Board's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

5. **Turnover**

Turnover represents the registration and re-application fees received from registered social workers during the year less refunds.

6. **Registration fees**

	2011	2010
	HK\$	HK\$
Annual renewal registration fees	5,947,200.00	5,686,000.00
First registration fees	477,500.00	473,800.00
Re-application fee	100,100.00	105,000.00
Refund to social workers	(11,000.00)	(21,300.00)
	<u>6,513,800.00</u>	<u>6,243,500.00</u>

7. **Other revenue**

	2011	2010
	HK\$	HK\$
Bank interest income	10,170.07	7,908.84
Interest income from bonds	164,164.35	361,459.72
Overprovision of long service payments	18,570.36	10,307.91
Re-issuing fee for certificate	1,800.00	1,300.00
Re-issuing fee for registration card	600.00	620.00
Gross rental income from land and buildings	193,100.00	141,406.45
Sundry income	3,139.00	3,090.00
	<u>391,543.78</u>	<u>526,092.92</u>

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

8. Staff costs

	2011 HK\$	2010 HK\$
Mandatory provident fund contributions	242,148.00	195,666.00
Permanent staff salaries	2,819,907.00	2,758,846.00
Temporary staff salary	500.00	-
Pre-employment medical check up	380.00	-
Staff medical expenses	3,006.70	10,372.50
Staff training provision	5,000.00	3,000.00
Staff welfare	8,846.00	17,745.00
Unused annual leave	12,104.92	8,311.87
	<u>3,091,892.62</u>	<u>2,993,941.37</u>

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

9. Other operating expenses

	Notes	2011 HK\$	2010 HK\$
Advertisement		7,740.00	1,260.00
Auditor's remuneration		14,000.00	9,500.00
Bank charges		5,183.95	17,821.14
Building management fee		157,190.00	156,987.74
Cleaning		16,546.00	5,347.00
Courier charges		14,509.36	14,589.90
Election of board members		-	80,000.00
Electricity and water		56,812.80	29,638.00
Equipment repairs and maintenance		13,872.51	11,398.28
Exchange loss		0.18	0.10
Insurance		95,698.64	85,366.80
Internet and web hosting services		9,846.00	9,758.00
Legal and professional fees		589,787.00	707,580.00
Newspapers and periodicals		3,236.00	3,445.00
Office repairs and maintenance		14,610.00	1,715.00
Postage		269,820.70	605,324.80
PPS charges		8,415.52	7,235.36
Printing and photo charges		64,149.53	106,796.53
Publicity and publications	10	70,420.00	282,648.00
Qualification recognition expenses		147,533.12	164,244.26
Rent and rates		212,047.00	793,722.50
Reinstatement expense		28,400.00	-
Software development and maintenance		16,825.96	67,779.36
Stationery and consumable items		114,324.60	157,468.50
Sundry expenses	11	113,668.53	232,668.76
Telephone and fax		18,529.00	17,710.95
Transportation		27,976.50	1,854.60
		<u>2,091,142.90</u>	<u>3,571,860.58</u>

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

10. **Publicity and publications**

	2011 HK\$	2010 HK\$
Advertisement for board announcement	14,000.00	20,328.00
Newsletters	20,430.00	14,000.00
Publicity materials	15,900.00	234,190.00
Seminars and briefing sessions	20,090.00	14,130.00
	<u>70,420.00</u>	<u>282,648.00</u>

11. **Sundry expenses**

	2011 HK\$	2010 HK\$
Distilled water	2,428.00	9,975.50
Expenses incurred by inquiry witness	-	8,602.23
Hire of service	84,027.55	201,517.73
Miscellaneous	26,337.90	11,232.20
Regular meeting expenses	146.30	154.60
Safe deposit box rental	728.78	500.00
Stamp duty	-	686.50
	<u>113,668.53</u>	<u>232,668.76</u>

12. **Finance cost**

	2011 HK\$	2010 HK\$
Mortgage loan interest	<u>184,446.36</u>	<u>81,535.03</u>

**SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

13. **Property, plant and equipment**

	Leasehold land held under finance lease HK\$	Buildings HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Computer equipment HK\$	Leasehold improvement HK\$	Total HK\$
At cost							
At 1 April 2009	-	-	261,860.23	227,193.75	330,654.00	227,895.66	1,047,603.64
Additions	10,149,192.50	10,149,192.50	-	-	409.00	-	20,298,794.00
At 31 March 2010 (restated)	10,149,192.50	10,149,192.50	261,860.23	227,193.75	331,063.00	227,895.66	21,346,397.64
Additions	-	-	516,777.30	123,664.00	12,220.00	2,346,662.92	2,999,324.22
Written off	-	-	(56,601.71)	(19,748.00)	(66,816.00)	(227,895.66)	(371,061.37)
At 31 March 2011	10,149,192.50	10,149,192.50	722,035.82	331,109.75	276,467.00	2,346,662.92	23,974,660.49
Accumulated depreciation							
At 1 April 2009	-	-	234,865.67	198,644.96	277,037.33	227,895.66	938,443.62
Charge for the year	11,940.23	253,729.81	22,804.96	11,444.00	49,026.33	-	348,945.33
At 31 March 2010 (restated)	11,940.23	253,729.81	257,670.63	210,088.96	326,063.66	227,895.66	1,287,388.95
Charge for the year	11,940.23	253,729.81	104,808.46	31,605.60	8,936.33	469,332.58	880,353.01
Written back	-	-	(55,259.31)	(19,748.00)	(66,816.00)	(227,895.66)	(369,718.97)
At 31 March 2011	23,880.46	507,459.62	307,219.78	221,946.56	268,183.99	469,332.58	1,798,022.99
Net book value							
At 31 March 2011	10,125,312.04	9,641,732.88	414,816.04	109,163.19	8,283.01	1,877,330.34	22,176,637.50
At 31 March 2010 (restated)	10,137,252.27	9,895,462.69	4,189.60	17,104.79	4,999.34	-	20,059,008.69
At 1 April 2009	-	-	26,994.56	28,548.79	53,616.67	-	109,160.02

The gross carrying value of leasehold land held under finance lease and buildings rented out under operating leases was HK\$ 1,759,830.26 and HK\$ 1,759,830.26 (2010: HK\$ 3,314,766.00 and HK\$ 3,314,766.00) respectively and the related aggregate depreciation was HK\$ 4,140.78 and HK\$ 87,991.51 (2010: HK\$ 3,899.73 and HK\$ 82,869.15) respectively.

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

14. Held-to-maturity securities

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Debt securities, at amortised cost			
Unlisted	<u>5,939,826.80</u>	<u>6,060,310.65</u>	<u>11,134,599.69</u>

At the date of the statement of financial position, the carrying amounts and contractual maturity of the above debt securities are as follows:

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Within one year	5,939,826.80	-	4,956,480.71
In the second year	-	6,060,310.65	3,059,777.39
In the third year	-	-	3,118,341.59
	<u>5,939,826.80</u>	<u>6,060,310.65</u>	<u>11,134,599.69</u>

The ranges of interest rates of held-to-maturity securities are as follows:

	31/3/2011	31/3/2010	1/4/2009
Debt securities classified under held-to-maturity securities	4.28% - 5.22%	4.28% - 5.22%	3.53% - 5.22%

15. Mortgage loan

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Mortgage loan - secured	6,983,910.75	7,704,455.43	-
Less: Current portion of mortgage loan	<u>738,328.91</u>	<u>720,544.68</u>	-
Long-term portion of mortgage loan	<u>6,245,581.84</u>	<u>6,983,910.75</u>	-

The mortgage loan is repayable as followings:

Within one year	738,328.91	720,544.68	-
In the second year	757,437.32	738,328.91	-
In the third year	776,591.72	757,437.32	-
In the fourth year	796,230.55	776,591.72	-
In the fifth year	816,143.81	796,230.55	-
After the fifth year	<u>3,099,178.44</u>	<u>3,915,322.25</u>	-
	<u>6,983,910.75</u>	<u>7,704,455.43</u>	-

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

15. **Mortgage loan (cont'd)**

The mortgage loan bears interest at floating rate. The effective interest rate is 2.5% per annum. The mortgage loan is repayable by monthly installments with a maturity date in 2019.

16. **Provision for long service payments**

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Balance brought forward	154,673.53	164,981.44	128,003.00
Amount provided for the year	-	-	36,978.44
(Overprovision) / under provision in prior years	<u>(18,570.36)</u>	<u>(10,307.91)</u>	<u>-</u>
Balance carried forward	<u><u>136,103.17</u></u>	<u><u>154,673.53</u></u>	<u><u>164,981.44</u></u>

17. **Provision for staff training**

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Balance brought forward	34,000.00	34,000.00	34,000.00
Amount provided for the year	5,000.00	3,000.00	-
Training subsidy to staff	<u>(5,000.00)</u>	<u>(3,000.00)</u>	<u>-</u>
Balance carried forward	<u><u>34,000.00</u></u>	<u><u>34,000.00</u></u>	<u><u>34,000.00</u></u>

18. **Provision for unused annual leave**

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Balance brought forward	224,252.64	223,578.77	195,300.90
Amount provided for the year	12,104.92	8,311.87	28,277.87
Utilised during the year	<u>(1,297.00)</u>	<u>(7,638.00)</u>	<u>-</u>
Balance carried forward	<u><u>235,060.56</u></u>	<u><u>224,252.64</u></u>	<u><u>223,578.77</u></u>

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

19. Financial instruments

The carrying amounts of each of the categories of financial instruments as at the date of the statement of financial position are as follows:

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Financial assets			
Held-to-maturity securities	5,939,826.80	6,060,310.65	11,134,599.69
Loans and receivables (including cash and bank balances)	7,145,421.74	9,248,449.12	16,301,822.19
Financial liabilities			
Financial liabilities measured at amortised cost	7,536,094.97	8,290,381.44	231,871.45

The fair values of the Board's financial assets and liabilities are not materially different from their carrying amounts.

20. Risks related to financial instruments

The Board's overall policy on risk management remained the same as in the previous year. The risks associated with the Board's financial instruments at the date of the statement of financial position are as follows:

Interest rate risk

The future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board's interest bearing borrowing is subject to floating interest rate. The Board's exposure to cash flow interest rate risk primarily arises from the impact of rate changes on interest bearing borrowing. The interest rate and term of repayment of the interest bearing borrowing are disclosed in note 15. The Board does not have any policy to hedge the cash flow interest rate risk.

The value of a financial instrument will fluctuate because of changes in market interest rates. The Board's exposure to fair value interest rate risk primarily relates to its fixed-rate financial assets including fixed bank deposits and investments in debt securities. The Board does not have any policy to hedge the fair value interest rate risk. At the date of the statement of financial position, the carrying amounts and contractual maturity of the Board's fixed bank deposits are as follows:

	31/3/2011 HK\$	31/3/2010 HK\$	1/4/2009 HK\$
Fixed bank deposits			
Within one year	<u>5,010,825.21</u>	<u>4,001,741.83</u>	<u>13,600,957.40</u>

SOCIAL WORKERS REGISTRATION BOARD
(ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

20. **Risks related to financial instruments (cont'd)**

Interest rate risk (cont'd)

The ranges of interest rates of the Board's fixed bank deposits are as follows:

	31/3/2011	31/3/2010	1/4/2009
Fixed bank deposits	0.02% - 0.4%	0.02% - 0.1%	0.05% - 0.375%

The contractual maturity and coupon rates of the Board's debt securities are set out in note 14.

At 31 March 2011, it is estimated that a general increase / decrease of 2 percentage point in interest rates, with all other variables held constant, would decrease / increase the Board's surplus for the year and general fund by approximately HK\$139,678.22 (2010: HK\$154,089.11).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the date of the statement of financial position and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. For floating-rate borrowing, the analysis is prepared assuming that the amount of liability outstanding at the date of the statement of financial position was outstanding for the whole year. The 2 percentage point increase or decrease represents the Board's assessment of a reasonably possible change in interest rates over the period until the date of the next annual statement of financial position. The analysis is performed on the same basis for the year ended 31 March 2010.

Credit risk

The carrying amounts of held-to-maturity securities, accounts receivable and sundry debtor, interest receivable and bank deposits as stated in the statement of financial position represent the Board's maximum exposure to credit risk at the date of the statement of financial position. The Board has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. The Board has no significant concentrations of credit risk.

Liquidity risk

The Board'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.

The maturity analysis for the Board's financial liabilities at the date of the statement of financial position, based on the contractual undiscounted cash flows, is as follows:

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

20. Risks related to financial instruments (cont'd)

Liquidity risk (cont'd)

At 31 March 2011

	Rental deposits received HK\$	Accounts payable and accrued charges HK\$	Mortgage loan HK\$	Total financial liabilities HK\$
Carrying amount	45,000.00	507,184.22	6,983,910.75	7,536,094.97
Within 3 months	-	507,184.22	226,247.76	733,431.98
More than 3 months but within 1 year	45,000.00	-	678,743.28	723,743.28
More than 1 year	-	-	6,863,474.10	6,863,474.10
Total contractual undiscounted cash flows	45,000.00	507,184.22	7,768,465.14	8,320,649.36

At 31 March 2010

	Rental deposits received HK\$	Accounts payable and accrued charges HK\$	Mortgage loan HK\$	Total financial liabilities HK\$
Carrying amount	84,300.00	501,626.01	7,704,455.43	8,290,381.44
Within 3 months	-	501,626.01	226,247.76	727,873.77
More than 3 months but within 1 year	39,300.00	-	678,743.28	718,043.28
More than 1 year	45,000.00	-	7,768,465.14	7,813,465.14
Total contractual undiscounted cash flows	84,300.00	501,626.01	8,673,456.18	9,259,382.19

21. Capital management

The Board's primary objectives when managing capital, which comprises general fund, are to safeguard the Board's ability to continue as a going concern and to maintain healthy capital structure in order to support its operations and statutory functions.

The Board actively and regularly reviews and manages its capital structure to ensure optimal capital structure, taking into consideration the future operational need of the Board. The Board's overall policy on managing capital remained the same as in the previous year.

SOCIAL WORKERS REGISTRATION BOARD
 (ESTABLISHED UNDER SOCIAL WORKERS REGISTRATION ORDINANCE)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

22. **Critical accounting estimates and judgments**

In preparing these financial statements, the management is required to exercise significant judgments in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgments and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Board assesses annually whether property, plant and equipment and held-to-maturity securities have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgments and estimates.

Depreciation

The Board's net book value of property, plant and equipment as at 31 March 2011 was HK\$22,176,637.50. The Board depreciates the assets on a straight-line basis over their estimated useful life. The estimated useful life reflects the Board's estimate of the periods that the Board intends to derive future economic benefits from the use of the assets.

23. **Future minimum lease rentals receivable**

The future minimum lease rentals under non-cancellable operating leases are receivable as follows:

	2011 HK\$	2010 HK\$
Within one year	55,161.00	330,650.00
In the second to fifth year inclusive	-	55,200.00
	<u>55,161.00</u>	<u>385,850.00</u>

24. **Pledge of assets and banking facilities**

At 31 March 2011, the following assets of the Board had been mortgaged to a bank for securing banking facilities granted to the Board:

	Net carrying value	
	2011 HK\$	2010 HK\$
Leasehold held under finance lease	10,125,312.04	10,137,252.27
Buildings	<u>9,641,732.88</u>	<u>9,895,462.69</u>
	<u>19,767,044.92</u>	<u>20,032,714.96</u>