

Report of the Directors
Audited Financial Statements
DIALOGUE IN THE DARK (HK)
FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
For the year ended 31 March 2024



WORLD SMART
Certified Public Accountants

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE DIRECTORS

The directors have pleasure in submitting the annual report and the audited financial statements for the year ended 31 March 2024.

Principal activities

Dialogue In The Dark (HK) Foundation Limited (the “Foundation”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit B, 7/F., D2 Place ONE, 9 Cheung Yee Street, Cheung Sha Wan, Kowloon, Hong Kong. The principal activities of the Foundation are fund raising for the promotion, support, education, training and raising public awareness and tolerance of the visually impaired or people with other disabilities in Hong Kong.

Results and financial position

The results of the Foundation for the year ended 31 March 2024 and the Foundation’s financial position as at 31 March 2024 are set out in the financial statements on pages 7 to 27.

Property, plant and equipment

Details of the movements in the property, plant and equipment are set out in note 10 of the financial statements.

Reserves

There were no movements in reserves except for changes to retained surplus/(accumulated deficits) which arose from profit or loss.

Directors

The directors during the year and up to the date of this report were:

CHONG Chan Yau

CHEUNG Kin Yeung Christopher

CHEUNG Suk Yi, Idy

CHU Yuet Yu

CHU Wai Bui (appointed on 1 November 2023)

FUNG Kim Sang (resigned on 1 July 2023)

In accordance with the Foundation’s Articles of Association, the existing directors shall retire from office after serving a term of three years but are eligible for re-election.

to be continued.....

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE DIRECTORS (CONTINUED)

Continuation - 1 -

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Foundation.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Foundation.

Business review

The Foundation falls within reporting exemption for the financial year. Accordingly, the Foundation is exempted from preparing a business review.

Equity-linked arrangements

During the financial year, the Foundation entered into no equity-linked agreement.

At the end of the financial year, the Foundation subsisted of no equity-linked agreement.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Foundation was entered into or existed during the financial year.

Auditors

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

On behalf of the Board



CHONG Chan Yau
Chairman
Hong Kong, 14 November 2024

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(incorporated in Hong Kong with limited liability by guarantee)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dialogue In The Dark (HK) Foundation Limited ("the Foundation") set out on pages 7 to 27, which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Foundation 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 directors are responsible for the other information. The other information comprises the information included in the report of the directors set out on pages 1 to 2 and detailed income statement set out on pages 28 to 30, but does not include the financial statements and our auditor's report thereon.

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

to be continued.....

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(incorporated in Hong Kong with limited liability by guarantee)

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Other information (continued)

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Foundation'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 directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, in accordance with sections 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

to be continued.....

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(incorporated in Hong Kong with limited liability by guarantee)

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Auditor's responsibilities for the audit of the financial statements (continued)

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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation 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.

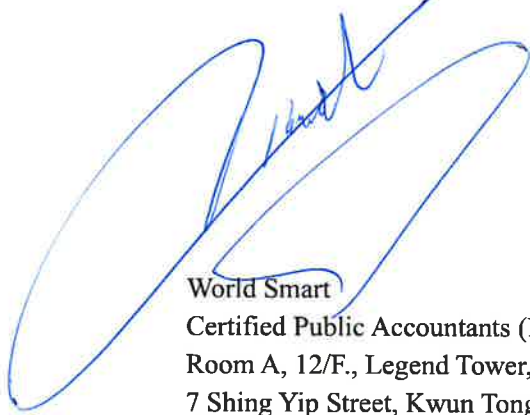
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(incorporated in Hong Kong with limited liability by guarantee)

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Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance 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.



World Smart
Certified Public Accountants (Practising)
Room A, 12/F., Legend Tower,
7 Shing Yip Street, Kwun Tong,
Kowloon, Hong Kong
14 November 2024

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 HK\$	2023 HK\$
Turnover	5	16,302,253	13,187,803
Direct costs		<u>(810,973)</u>	<u>(786,634)</u>
		15,491,280	12,401,169
	
Other income	5		
- Subsidy income from			
The Hong Kong Jockey Club Charities Trust		6,075,353	9,491,271
- Others		<u>24,570</u>	<u>1,157,863</u>
		6,099,923	10,649,134
	
Administrative and other operating expenses		<u>(19,174,997)</u>	<u>(20,454,914)</u>
	
Surplus for the year	6	2,416,206	2,595,389
Other comprehensive income		<u>-</u>	<u>-</u>
Surplus and total comprehensive income for the year		<u>2,416,206</u>	<u>2,595,389</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 HK\$	2023 HK\$
Non-current assets			
Property, plant and equipment	10	5,786,220	10,099,740
Current assets			
Inventories	11	31,214	28,503
Accounts receivable		743,169	978,645
Deposits and prepayments		1,111,163	1,197,170
Time deposits, with original maturities over three months		-	540,000
Cash and cash equivalents	12	2,348,647	1,914,753
		<u>4,234,193</u>	<u>4,659,071</u>
Current liabilities			
Accruals and other payables		270,958	1,639,066
Other loans	13	290,000	290,000
Receipts in advance		2,080,072	4,546,612
Deferred income - current portion	14	3,842,089	4,284,618
		<u>6,483,119</u>	<u>10,760,296</u>
Net current liabilities		<u>(2,248,926)</u>	<u>(6,101,225)</u>
Total assets less current liabilities		<u><u>3,537,294</u></u>	<u><u>3,998,515</u></u>

to be continued.....

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

Continuation - 8 -

	Notes	2024 HK\$	2023 HK\$
Reserves			
Retained surplus/(accumulated deficits)		1,643,895	(772,311)
Non-current liabilities			
Deferred income – non-current portion	14	<u>1,893,399</u>	<u>4,770,826</u>
		<u><u>3,537,294</u></u>	<u><u>3,998,515</u></u>

The financial statements were approved and authorised for issue by the Board of directors on 14 November 2024:



Name: CHONG Chan Yau
Position: Director



Name: CHEUNG Kin Yeung Christopher
Position: Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Retained surplus/ (accumulated deficits) HK\$
Balance as at 1 April 2022	(3,367,700)
Surplus and total comprehensive income for the year	<u>2,595,389</u>
Balance as at 31 March 2023 and balance as at 1 April 2023	(772,311)
Surplus and total comprehensive income for the year	<u>2,416,206</u>
Balance as at 31 March 2024	<u><u>1,643,895</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	2024 HK\$	2023 HK\$
Operating activities		
Surplus for the year	2,416,206	2,595,389
Adjustments for:		
Bank interest income	(17,960)	(3,513)
Subsidy income	(6,075,353)	(10,610,471)
Depreciation	4,313,520	4,313,520
Operating surplus/(deficit) before changes in working capital	<u>636,413</u>	<u>(3,705,075)</u>
Increase in inventories	(2,711)	(14,064)
Decrease/(increase) in accounts receivable	235,476	(892,328)
Decrease in deposits and prepayments	86,007	197,223
Decrease in accruals and other payables	(1,368,108)	(350,771)
Decrease in receipts in advance	(2,466,540)	(1,428,147)
Net cash used in operating activities	<u>(2,879,463)</u>	<u>(6,193,162)</u>
Investing activities		
Payments for acquisition of property, plant and equipment	-	(11,848)
Decrease in time deposits, with original maturities over three months	540,000	180,000
Interest received	17,960	3,513
Net cash generated from investing activities	<u>557,960</u>	<u>171,665</u>
Financing activities		
Subsidies received	2,755,397	6,128,196
Repayment of other loans	-	(90,000)
Net cash generated from financing activities	<u>2,755,397</u>	<u>6,038,196</u>

to be continued.....

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Continuation - 11 -

	Note	2024 HK\$	2023 HK\$
Net increase in cash and cash equivalents		433,894	16,699
Cash and cash equivalent at beginning of the year		<u>1,914,753</u>	<u>1,898,054</u>
Cash and cash equivalent at end of the year	12	<u><u>2,348,647</u></u>	<u><u>1,914,753</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

1 GENERAL INFORMATION

DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED (the “Foundation”) is a limited liability company by guarantee domiciled and incorporated in Hong Kong. The Foundation’s registered office is located at Unit B, 7/F., D2 Place ONE, 9 Cheung Yee Street, Cheung Sha Wan, Kowloon, Hong Kong. The principal activities of the Foundation are fund raising for the promotion, support, education, training and raising public awareness and tolerance of the visually impaired or people with other disabilities in Hong Kong.

2 TRANSITION TO THE HONG KONG FINANCIAL REPORTING STANDARD FOR PRIVATE ENTITIES

Application of the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”).

The financial statements for the year ended 31 March 2024 are its first annual financial statements prepared under accounting policies that comply with the HKFRS for Private Entities. The Foundation applied Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) to prepare its financial statements prior to the application of the HKFRS for Private Entities.

The Foundation’s date of transition is 1 April 2022 and the Foundation prepared its opening statement of financial position in compliance with the HKFRS for Private Entities at that date.

The Foundation has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the HKFRS for Private Entities when preparing the financial statements in accordance with the HKFRS for Private Entities.

The application of the HKFRS for Private Entities does not have significant effect on the results for the current and prior years and the net assets as at 1 April 2022, the date of transition, 31 March 2023 and 31 March 2024.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Basis of preparation

These financial statements comply with all applicable sections of HKFRS for Private Entities issued by the HKICPA and comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statement. They have been prepared under the accrual basis of accounting and on the basis that the Foundation is a going concern.

The Foundation falls within reporting exemption for the reporting period under sections 359(1)(a) and 363 of the Hong Kong Companies Ordinance. Nevertheless, the directors resolved not to take advantage of the reporting exemption and these financial statements comply with HKFRS for Private Entities. The directors have acknowledged that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by HKFRS for Private Entities.

The preparation of financial statements in conformity with HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Revenue recognition

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

- (i) **Donation income**
Donation income is recognised when the income is received;
- (ii) **Project income, and income from workshops**
Project income and income from workshops are recognised when the services are rendered;
- (iii) **Interest income**
Interest income is recognised on a time-proportion basis taking into account the principal outstanding and the effective rate of interest applicable;

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (continued)

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

(iv) Rental income

Rental income is recognised on a straight-line basis over the lease terms;

(v) Sale of goods

Sale of goods is recognised when the goods are delivered to customers and the customers have accepted the goods together with the risks and rewards of ownership of the goods; and

(vi) Subsidy income

Subsidy income is recognised when the right to receive payment is established.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand 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 Foundation's cash management are also included as a component of cash and cash equivalents for the statement of cash flows.

(d) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Foundation will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Equipment	20%
Furniture and fixture	20%
Leasehold improvement	16.67%

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Account and other receivables

Account and other receivables are measured at initial recognition at transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of account and other receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the 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 profit or loss.

(f) Account and other payables

Account and other payables are measured at initial recognition at the transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method.

(g) Inventories

Inventories are measured at initial recognition at cost and subsequently measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on first-in, first-out basis and comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. At the end of each reporting period, inventories are assessed for impairment and the carrying amount is reduced to its selling price less costs to complete and sell with impairment loss recognised immediately in profit or loss. When the inventories are sold, the carrying amount of inventories is recognised as an expense in the period in which the related revenue is recognised.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets, other than inventories

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

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

(i) Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Foundation. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

(j) Income tax

Income tax represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income and retained earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Foundation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income tax (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit or tax loss. The measurement of deferred tax liabilities associated with an investment property measured at fair value shall not exceed the amount of tax that would be payable on its sales to an unrelated market participant at fair value at the end of reporting period. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition of an asset and liability in a transaction that affects neither the accounting profit nor the taxable profit of tax loss.

The unrecognised deferred tax assets are reviewed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

(k) Foreign currency translations

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars (“HK\$”), which is the Foundation’s functional currency.

(ii) Transactions and balances

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

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currency translations (continued)

(ii) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within “finance costs”. All other foreign exchange gains and losses are presented in profit or loss within “other income” or “other expenses”.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Foundation 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(m) Employee benefit costs

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Foundation operates a number of defined contribution plans under mandatory provident fund plans. The Foundation pays contributions to independent administrators on a mandatory basis. The Foundation has no further payment obligations once the contributions are paid. The contributions are recognised as employee benefit expense when they are incurred and the cost can be measured reliably.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Deferred income

Deferred incomes are recognised as income over periods necessary to match them with the related costs they are intended to compensate, on a systematic basis when there is reasonable assurance that the Foundation will comply with the conditions attaching of them and the incomes will be received. A deferred income that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity, with no future related costs, is recognised as income of the period in which it becomes receivable. Deferred incomes received before the revenue recognition criteria are recognised as a liability.

(o) Borrowings

Borrowings are measured at initial recognition at the transaction price and are subsequently measured at amortised cost. All borrowings are classified as current liabilities unless the Foundation has a pre-defined repayment schedule or an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Interest expense is recognised on the basis of the effective interest method and is recognised in profit or loss.

When the borrowing agreement contains clause that gives the lender unconditional right to demand repayment at any time disregarding the pre-defined repayment schedule, the borrowing is classified as a current liability in the statement of financial position irrespective of the probability that the lender will invoke the clause without cause.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (i) a person or a close member of that person's family is related to the Foundation if that person:
 - (1) is a member of the key management personnel of the Foundation or of a parent of the Foundation;
 - (2) has control or joint control over the Foundation; or
 - (3) has significant influence over the reporting entity.
- (ii) An entity is related to the Foundation if any of the following conditions applies:
 - (1) the entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member.).
 - (3) both entities are joint venture of the same third entity.
 - (4) one entity is a joint venture of a third party and the other entity is an associate of the third party.
 - (5) the entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (6) the entity is controlled or jointly controlled by a person identified in (i).
 - (7) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.
 - (8) A person identified in (i)(2) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

The Foundation depreciates the property, plant and equipment on a straight-line method over the estimated useful lives of 5 to 6 years. The estimated useful lives reflect the directors' estimate of the years that the Foundation intends to derive future economic benefits for the use of the Foundation's property, plant and equipment. Management will increase the depreciation expense where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete assets that have been abandoned or scrapped.

5 TURNOVER AND OTHER INCOME

Turnover represents donation income, income from workshops, project income and sales of goods received and receivable from customers. An analysis of the Foundation's turnover and other income during the year is as follows:

	2024 HK\$	2023 HK\$
Turnover		
Donation income	1,139,849	479,268
Income from workshops	11,512,726	8,570,050
Project income	3,625,388	4,105,461
Sales of goods	24,290	33,024
	<u>16,302,253</u>	<u>13,187,803</u>

Other income		
Bank interest income	17,960	3,513
Rental income	6,500	13,000
Subsidy income	6,075,353	10,610,471
Sundry income	110	22,150
	<u>6,099,923</u>	<u>10,649,134</u>

Total income	<u><u>22,402,176</u></u>	<u><u>23,836,937</u></u>

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

5 TURNOVER AND OTHER INCOME (CONTINUED)

Included in the turnover of the Foundation, there were gross income from fund raising activity held under Public Subscription Permit (No. 2022/080/1) issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region for the purpose of raising fund for the Foundation by selling postcards for the work of promoting social inclusion. A summary of financial results of the activity during the year ended 31 March 2023 is as follow:

	2024 HK\$	2023 HK\$
Gross income raised:		
- Donation income (Donation income)	-	200
- Sales of goods (Charity sales)	-	20
	<u>-</u>	<u>220</u>

Gross expenditure incurred:		
- Legal and professional fee (Audit fee)	-	3,000
- Purchases (Cost of charity sales items)	-	2
- Advertising and promotion (Event production costs)	-	145,800
- Advertising and promotion (Other production costs)	-	9,286
- Operating lease charges (Rental expense)	-	22,720
	<u>-</u>	<u>180,808</u>

Net deficit of the fund raising activity	<u>-</u>	<u>(180,588)</u>

6 SURPLUS FOR THE YEAR

	2024 HK\$	2023 HK\$
Surplus for the year is stated after (crediting)/charging the following:		
Rental income net of direct outgoings	(6,500)	(13,000)
Depreciation	4,313,520	4,313,520
Operating lease charges	3,273,086	3,539,533
Staff costs:		
- salaries and allowances	8,813,935	9,163,260
- MPF contributions	396,903	417,319
	<u>8,813,935</u>	<u>9,163,260</u>

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

7 DIRECTORS' REMUNERATION

The directors do not receive any fees or emoluments in respect of the services to the Foundation for the year (2023: Nil).

8 AUDITORS' REMUNERATION

Auditors' remuneration for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follows:

	2024 HK\$	2023 HK\$
Auditors' remuneration	<u>33,000</u>	<u>27,000</u>

9 TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Foundation has been granted exemption from tax as a charitable institution under section 88 of the Inland Revenue Ordinance (Cap.112) (2023: Nil).

The taxation on the Foundation's surplus for the year differs from the theoretical amount that would arise using the taxation rate applicable to the Foundation as follows:

	2024 HK\$	2023 HK\$
Surplus for the year	<u>2,416,206</u>	<u>2,595,389</u>
Calculated at the applicable tax rate of 16.5% (2023: 16.5%)	398,674	428,239
Tax effect of non-taxable income	(3,696,359)	(3,933,095)
Tax effect of non-deductible expenses	<u>3,297,685</u>	<u>3,504,856</u>
Taxation charge	<u>-</u>	<u>-</u>

As at 31 March 2024 and 31 March 2023, the Foundation does not have any significant temporary differences.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

10 PROPERTY, PLANT AND EQUIPMENT

	Equipment HK\$	Furniture and fixture HK\$	Leasehold improvement HK\$	Total HK\$
Cost:				
At 1 April 2023				
and at 31 March 2024	<u>8,050,730</u>	<u>4,080,423</u>	<u>11,382,834</u>	<u>23,513,987</u>
Accumulated depreciation:				
At 1 April 2023	4,599,386	2,685,999	6,128,862	13,414,247
Charge for the year	<u>1,600,296</u>	<u>816,085</u>	<u>1,897,139</u>	<u>4,313,520</u>
At 31 March 2024	<u>6,199,682</u>	<u>3,502,084</u>	<u>8,026,001</u>	<u>17,727,767</u>
Net book value:				
At 31 March 2024	<u>1,851,048</u>	<u>578,339</u>	<u>3,356,833</u>	<u>5,786,220</u>
At 31 March 2023	<u>3,451,344</u>	<u>1,394,424</u>	<u>5,253,972</u>	<u>10,099,740</u>

11 INVENTORIES

Inventories in the statement of financial position comprise:

	2024 HK\$	2023 HK\$
Materials for donation	<u>31,214</u>	<u>28,503</u>

12 CASH AND CASH EQUIVALENTS

	2024 HK\$	2023 HK\$
Cash at bank and in hand, cash and cash equivalents in the statement of financial position	<u>2,348,647</u>	<u>1,914,753</u>
Cash and cash equivalents in the statement of cash flow	<u>2,348,647</u>	<u>1,914,753</u>

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

13 OTHER LOANS

The amounts are unsecured, interest-free and repayable on demand. #

14 DEFERRED INCOME

Deferred income represents funding from The Hong Kong Jockey Club Charities Trust (“the Hong Kong Jockey Club”) for setting up of the Dialogue Experiential Place. The setup of the experiential place was completed and the facilities were available for use during the year. Thus, operating expenses of the experiential place attributable to current year and depreciation of property, plant and equipment available for use were recognised as expenses during the year. As a result, the grants approved and relevant to the expenditures entitled to be claimed by the Foundation were recognised as income in the same proportion in the income statement to match with the above expenses during the year.

15 OPERATING LEASE COMMITMENTS

At 31 March 2024, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2024 HK\$	2023 HK\$
Land and buildings:		
Within one year	2,952,720	3,740,685
After one year but within five years	1,944,480	4,739,670
	<u>4,897,200</u>	<u>8,480,355</u>

The Foundation leases premises for experiential place and office under operating leases. The leases run for initial periods of 1.3 to 4 years. The leases do not include any contingent rentals.

16 BALANCE WITH A RELATED PARTY

Details of the Foundation’s balance with a related party as at 31 March 2024 are as follows:

	2024 HK\$	2023 HK\$
Director (CHU Yuet Yu):		
Other loan	<u>90,000 #</u>	<u>90,000</u>

The balance is unsecured, interest-free and repayable on demand.

The loan was subsequently settled to the director on 14 May 2024.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

17 RETIREMENT BENEFITS SCHEMES

The Foundation participates in the MPF Scheme for all qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the scheme by the Foundation and the employees are calculated as a percentage of employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. The retirement benefit scheme costs charged to profit or loss represent contributions payable by the Foundation to the fund. The assets of the MPF Scheme are held separately from those of the Foundation in an independently administered fund.

18 COMPARATIVE FIGURES

In the current year, the Foundation has adopted the HKFRS for Private Entities as indicated in note 2 for the first time. The presentation in the current year's financial statements has been modified in order to conform to the requirements of those standards.

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

APPENDIX

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

(FOR MANAGEMENT INFORMATION PURPOSES ONLY)

	2024 HK\$	2023 HK\$
TURNOVER		
Donation income	1,139,849	479,268
Income from workshops	11,512,726	8,570,050
Project income	3,625,388	4,105,461
Sales of goods	24,290	33,024
	<u>16,302,253</u>	<u>13,187,803</u>

Less: DIRECT COSTS		
Project costs	281,726	375,641
Purchases	35,947	44,137
Training and coaching service fees	493,300	366,856
	<u>810,973</u>	<u>786,634</u>

	<u>15,491,280</u>	<u>12,401,169</u>

OTHER INCOME		
Bank interest income	17,960	3,513
Rental income	6,500	13,000
Subsidy income	6,075,353	10,610,471
Sundry income	110	22,150
	<u>6,099,923</u>	<u>10,649,134</u>

to be continued.....

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

APPENDIX

DETAILED INCOME STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

(FOR MANAGEMENT INFORMATION PURPOSES ONLY)

Continuation - 28 -

	2024	2023
	HK\$	HK\$
Deduct:		
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Advertising and promotion	140,703	338,059
Auditors' remuneration	33,000	27,000
Bank charges	1,799	3,653
Building management fee	495,840	495,840
Cleaning fee	146,324	123,921
Consultancy fee	5,000	164,588
Consumable stores	102,238	63,615
Depreciation	4,313,520	4,313,520
Entertainment	4,986	3,160
Government rent and rates	203,440	191,440
Insurance	98,928	99,655
Legal and professional fee	26,316	145,900
License fee	304,698	245,678
MPF contributions	396,903	417,319
Operating lease charges	3,273,086	3,539,533
Payment platform charges	47,718	44,339
Postage and courier	4,808	3,915
Printing and stationery	73,148	72,511
Repairs and maintenance	207,899	295,455
Salaries and allowances	8,813,935	9,163,260
Scholarships to beneficiaries	-	95,054
Sundry expenses	134,713	118,442
Telecommunication	34,594	47,859

to be continued.....

**DIALOGUE IN THE DARK (HK) FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

APPENDIX

DETAILED INCOME STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

(FOR MANAGEMENT INFORMATION PURPOSES ONLY)

Continuation - 29 -

	2024	2023
	HK\$	HK\$
ADMINISTRATIVE AND OTHER OPERATING EXPENSES (CONTINUED)		
Transportation	148,666	156,688
Training expense	26,700	147,154
Traveling expense	9,682	29,917
Utilities	126,353	107,439
	<u>19,174,997</u>	<u>20,454,914</u>

SURPLUS FOR THE YEAR	<u><u>2,416,206</u></u>	<u><u>2,595,389</u></u>

Information required under section 436 of the Companies Ordinance:

The financial information relating to the year ended 31 March 2024 that is included in this detailed income statement are not the Foundation's statutory annual financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Foundation has delivered its financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Foundation's auditor has reported on those financial statements. The independent auditor's report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).