Mother's Choice Limited

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(Limited by Guarantee)

31 March 2024

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2024.

Principal place of business

Mother's Choice Limited ("the company" or "Mother's Choice") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Montgomery Block, 42B Kennedy Road, Mid-Levels, Hong Kong.

Principal activities

Mother's Choice is a local charity serving the many children without families and pregnant teenagers in Hong Kong. Each year, thousands of teenage girls face crisis pregnancy with no support, and thousands of children are in need of a family for a number of reasons including neglect, abuse, abandonment, or family breakdown. Mother's Choice principal activities help the most vulnerable in our community by providing high-quality services for children, youth and families, and by actively providing ways to prevent the problem.

Business review

1. Vision & mission

Mother's Choice is a local charity, founded in 1987, to serve the many children without families and pregnant teenagers in Hong Kong. Our vision is to see every child in a loving family. Our mission is to join hands with the community to give hope and change life stories.

2. Business review and update

2.1 Message from the CEO

We finished fiscal year 2023/24 in a strong position, both financially and in the delivery of our services. We closed the year by reviewing our progress on our 5-year strategic plan, Vision 2025, which consists of 10 strategic priorities. Together with our managers team, we took stock of each individual top 10 priority, recognizing that we have made great strides in some, improving our case management, expanding early intervention services, launching Safe Families, embedding volunteers across our operations and building our capacity in impact measurement. We also face challenges in others. Notably, we agreed that we must focus on our Pregnant Girls Outreach and Foster Family Recruitment as we enter into the final year of Vision 2025.

Even in the absence of a Community Services lead for the year, the team still came together to launch our Pregnant Girls Outreach Campaign brand awareness video on International Women's Day, launched our Alumni programme and planned community events to bring potential foster family communities together. We also prepared for a new digital campaign targeting girls aged 12-16 that we will launch in the next fiscal year. Looking ahead, rebuilding our Community Services to enhance these outreach and recruitment campaigns is critical.

Business review (continued)

Despite challenges such as maintaining our heritage buildings and rising costs, we remain dedicated to supporting vulnerable children and families.

The Impact of Our Services in FY23-24

Our Vision: Every child in a loving family.

Because every child deserves a family.

Children Services

28 children helped to find their forever families

138 children provided with loving residential and foster care

2,899 hours of early intervention therapies provided

Because every girl deserves a second chance.

Youth Services

145 girls received comprehensive case management support

396 girls received crisis pregnancy hotline counselling

1,018 students received comprehensive sexuality education

Because no family can do it on their own.

Family Services

90+ families supported in their adoption journey

16 local families matched with a child

4 overseas families matched with a child

21 young mothers supported and **100** volunteers enrolled in Safe Families

Because everyone has a role to play.

Community Services

1,284 active volunteers

54,101 volunteer hours

Business review (continued)

2.2 *Children's services - Because every child deserves a family*

We are a champion for babies and children in the residential care system to join forever families. We believe that every child should grow up in a safe, loving, and permanent family – and not in residential care. Our Children Services consists of three core services:

i. our residential Child Care Home
ii. our Foster Care Services
iii. our Early Intervention Services.

In 2023/24, Children Services remained steadfast in its commitment to providing care and supporting vulnerable children in need of residential placements. Throughout the year, we cared for a total of 138 children across all our services, a 20% decrease compared to the previous year. This reduction is attributed to the increasing complexity of cases requiring longer placements, which has slowed turnover and impacted our ability to admit new children as well as ongoing challenges in recruiting foster families willing to take on longer placements.

Despite these challenges, our team achieved notable outcomes, with 28 (or 65%) of the 43 discharged children achieved permanency. Specifically, 12 children were successfully reunited with their birth families, while 16 children found their forever homes through adoption.

Throughout the year, we identified 17 cases where children faced significant barriers to timely reunification with birth families or adoption. These barriers often involved parents unable to fulfill their parental responsibilities, lack of concrete plans or timelines for reunification, or legal complications in the adoption process. To address these challenges, our team engaged in regular communication with appropriate authorities, striving to facilitate timely permanency for each child.

2.2.1 Child Care Home

Child Care Home (CCH) is residential care home for up to 44 children without families, consisting of two key services Baby Care and Wee Care.

i. Baby Care (BC) is a privately funded service and is one of only three licensed children's home in Hong Kong for children under the age of three, with a maximum capacity for 32 children. Some of these children are waiting for adoption, whilst others are waiting to be reunited with their birth families.
ii. Wee Care (WC) is a service that is partly government funded for children up to six years old with mild to moderate special needs who are waiting for adoption, with a maximum capacity for 12 children.

Our BC and WC programmes cared for 56 children, with 39 (or 70%) being either premature or born to parents with a history of substance abuse in 2023/24.

The "Cuddle Me" Programme, to ensure daily one-on-one care and nurture secure attachments for children who may have experienced trauma or drug exposure, trained 7 new cuddlers, bringing the total cuddlers to 29.

Business review (continued)

During COVID-19 and CCH outbreaks, face masks impacted the children's language processing and emotion recognition. To address speech delays and the needs of older children staying longer in Baby Care (the average duration increased from 11 months in 2022/23 to 14 months in 2023/24), we launched the "Read Me A Book" programme to enhance children's social and cognitive well-being, providing valuable one-on-one time between trained readers and the children. This initiative aims to improve children's social and cognitive well-being while addressing speech delays.

Unlike typical group settings, RMAB offers valuable one-on-one time between trained volunteer readers and the children. The EIS team will diligently monitor the programme's standards. Storybook reading within RMAB plays a crucial role in developing essential language skills, articulation, and expressive vocabulary.

To support vulnerable children with trauma or adverse childhood experiences, we have begun preparations for the launch of "Trust-Based Relational Intervention" (TBRI®) care throughout Mother's Choice. TBRI is a trauma-informed intervention used worldwide that is specifically designed for children who come from 'hard places,' such as maltreatment, abuse, neglect, multiple home placements, and violence. It is based on 3 principles: Connecting, Empowering, and Correcting, helping caregivers understand how to care and support vulnerable children and youth. it uses empowering principles to address physical needs, connecting Principles for attachment needs, and correcting Principles to disarm fear-based behaviors.

During 2023/24, CCH experienced nine outbreaks, including influenza, upper respiratory tract infection, COVID-19, viral gastroenteritis, and hand, foot, and mouth disease, resulting in 97 days of medical surveillance. However, the outbreaks were contained in their rooms thanks to excellent team effort and diligence.

2.2.2 Foster Care Services

Foster Care Services (FCS) is family-based care for children without families, utilising foster families located in Hong Kong, and consisting of two key services: Ordinary Foster Care and Project Bridge.

i. The Ordinary Foster Care programme ("OFC") is a service designed and funded by the government for up to 65 children, newborn to 18 years old. Mother's Choice is one of 11 agencies licensed to provide OFC in Hong Kong. Families receive a monthly allowance from the government to cover the children's expenses.
ii. The Project Bridge ("PB") programme is a volunteer service designed and funded by Mother's Choice since 2016 to expand the number of family-based placements available for waiting children in Hong Kong. Like OFC, PB gives loving, safe, temporary care to children who are waiting for adoption or to rejoin their birth family. PB takes a different approach based on four pillars: recruitment of highly motivated volunteer families (with no financial incentives), an individualized approach to matching foster families' unique strengths with the specific needs of waiting children; pairing families with a buddy foster family to ensure higher retention and placement stability, and access to early intervention support.

Business review (continued)

Throughout this year, we encountered significant challenges in securing foster families willing to commit to longer-term placements. The average duration of stay increased from 14 months to 17 months in PB and from 64 months to 68 months in OFC from 2022/23 to 2023/24. We saw a growing trend of foster families unable to commit to lengthened placement times, exacerbated by increased post-COVID travel, which further complicated the recruitment of consistent foster care placements. The increasing complexity of cases, leading to extended stay also placed strain on foster homes' capacity and necessitated additional support and respite for caregivers. Consequently, admissions to family-based care in both PB and OFC programmes slowed, as existing foster families faced burnout and challenges in managing prolonged, complex placements.

Despite these challenges, our efforts resulted in the provision of care for 82 children through family-based placements, admitting 16 new cases in 2023/24. We successfully recruited and approved 13 new foster families in 2023/24, marking an 85.71% increase from the previous year's 7 approvals. While this represents progress, it falls short of our annual target of 30 approved families leaving us with a utilization rate of 78%, below the target 80%.

To address the ongoing challenge of recruiting foster families, the Social Welfare Department introduced an increase in foster care allowances aimed at incentivizing more families to join the programme to be effective in 2024-25. This initiative, led by the Social Welfare Department (SWD), forms part of a comprehensive strategy to alleviate the city-wide shortage of foster families through enhanced financial support.

2.2.3 Early Intervention Services

Early Intervention Services (EIS) helps children reach developmental milestones and increases their chances of joining a safe, loving and permanent family. Most children referred to our Children Services require special attention to their medical and developmental well-being, as many have experienced adverse childhood experiences before coming to Mother's Choice including prolonged hospital stays, abuse and neglect. Many children have also been exposed to drugs or alcohols in utero. Children who spend early childhood in residential care are at higher risk of developmental delay, which makes it more difficult to be adopted or rejoin their birth family.

At Mother's Choice, we identify children's developmental issues as quickly and as early as possible through our screening and assessment by professionals. We design and continuously review individualized developmental plans (IDPs) for each child and provide appropriate therapies so that we can minimize developmental delays. We also utilize a train-the-trainer approach that includes families and caregivers to ensure that IDPs are fully implemented in children's daily routine.

Update to our new EIS outreach programme

Our aim is for all children supported through Mother's Choice different services to have access to EIS, so we have expanded our EIS screening, assessments, and therapy to outreach to children in our Foster Care Services, children of our parenting teens in our Pregnant Girls Services, and children being supported through Safe Families.

Business review (continued)

Through a collaborative effort involving our dedicated EIS professional team, committed volunteers, and pro bono clinics, we provided 2,899 hours of EIS to 118 clients in 2023/24. This includes children at CCH, in foster care, and those born to pregnant girls. Of the 20 children discharged from CCH during this period, 93% showed improvement or maintained their developmental status, while 7% required further outreach services due to newly identified issues.

Equipping staff to care for the specific needs of children

Our EIS professional team-comprising a physiotherapist, occupational therapist, and speech therapist- organized 21 training workshops attended by 198 staff and volunteers. Topics covered included fine motor skills, setting up individualized education programs for children with special needs, manual handling techniques for conditions like torticollis and intervention strategies for conditions such as Cerebral Palsy and Down syndrome, and caring for premature babies.

Our Parenting Training Programme

The Baby's First 100 Days Parenting Training programme enhances caregivers' parenting and child development knowledge, enabling them to confidently support young mothers, families, and other important allies. Since our launch in 2021, the programme offers live workshops and eLearning modules accessible through an online platform, ensuring widespread accessibility and continuity of learning.

Building on the success of the Baby's First 100 Days and Baby's First Year Parenting Programmes, we introduced the "Baby's Second Year Parenting Programme" this year. These programmes collectively reached 1,104 participants, including childcare workers, caseworkers, housemothers, and volunteers. Looking ahead, we plan to launch the "Baby's Third Year Parenting Programme" in 2024/25, further supporting caregivers with comprehensive knowledge and support through the early years of a child's life.

With the continued expansion and positive impact of our parenting programme training across MC, we will revisit our training protocols to ensure all sessions meet EIS standards, including implementing refresher courses and forums for ongoing professional development.

Sign Language Community Resources Limited Partnership

SLCO Community Resources Limited (SLCO), established in 2016, provides sign bilingual education and communication support services to enhance the language, cognitive, communication, and social abilities of people in need, promoting inclusiveness and building a diverse society without communication barriers. The EIS Team coordinated with SLCO to deliver 48 sign language group sessions to 23 children in Baby Care and 3 sign language training sessions to 19 volunteers and 28 staff members. The staff were assessed through surprise tests, achieving a 100% passing rate by demonstrating at least 5 Hong Kong Signs. Additionally, a Hong Kong Sign Language manual was developed, featuring 60 photos of signs and videos with QR codes.

Business review (continued)

2.3 Youth services: Because every girl deserves a second chance

We provide a safe, loving and non-judgmental space for girls aged 12 - 25 facing a crisis pregnancy. We believe that pregnant teenagers should be embraced by trusted adults, equipped with accurate information about their choices, and connected with community who can empower them to build hope for the future. Our Youth Services consists of

i. Pregnant Girls Services
ii. Pregnant Girls Home
iii. Youth Programmes

2.3.1 Pregnant Girl Services

The Pregnant Girls Services ("PGS") is a counselling and case management service that includes

i. an online and telephone hotline services, and
ii. a team of social and case workers who provide ongoing case management, decision making counselling support on three choices, and crisis support for pregnant girls.

Case Management and Hotline

In 2023/24, PGS provided comprehensive case management services, responding to 397 new inquiries, 2,804 calls including initial conversations and follow up through our hotline, and serving 145 girls through our case management and programmes. This number represents a decline (-26% in new inquiries) compared to the previous year and years prior to COVID-19.

Our service data shows that the adverse childhood experiences experienced by our clients, including abuse, neglect, witness of violence, and poverty impacts their cognitive and behavioral reactions leading them to see themselves as incompetent, to see others and the world as unsafe and unpredictable, and to see the future as hopeless, which in turn limits their help seeking motivation and decision-making quality. They may feel fearful of the unknown, perceive the risk of accessing services as outweighing the benefits, they may feel distrustful of adult-led organizations, making it an extremely hard-to-reach target group. This change in help seeking behaviours was compounded by the effects of the COVID-19 pandemic when they were limited access to social and medical services access due to social distancing measures and increased social isolation.

Despite this decline, we were able to conduct 224 intake sessions in 169 hours and 4,172 case management activities, ensuring continued support for those in need, also meeting significant portions of our annual targets early in the year. This indicates that, although the number of hotline inquiries decreased, the majority of those who contacted us fell within our target client range—individuals facing crisis pregnancies and under the age of 25.

Business review (continued)

Our optimized hotline triage system reduced the average time from call to intake to 6 days, enhancing our ability to quickly address urgent cases. This optimization is reflected in an impressive 98.7% conversion rate from intake to an opened case. Efforts to enhance our risk assessment skills among staff and hotline volunteers during the initial stage of engagement, whether through calls or online messaging, ensured that calls with identified risk factors received appropriate and prompt support. This support is further reflected in a 67% conversion rate from hotline engagement to intake, indicating that individuals with risk factors are being effectively engaged and guided towards appropriate services.

We enhanced our hotline operations by recruiting a total of 18 hotline volunteers, each receiving 6 hours of pre-service training. This training included job shadowing with our experienced hotline social work teams to ensure thorough preparation. Additionally, we updated our Hotline Manual and FAQs to align with current practices. These measures equip us to extend our hotline operating hours and manage any increase in call volume following our outreach campaign, ensuring sustainable and effective service delivery.

PGS Outreach Campaign

This year, we initiated a new outreach campaign targeting girls aged 12-16, aiming to increase their awareness and accessibility to our services. This campaign included a distinct new social media presence, specifically designed to effectively engage our target audience with targeted messaging and content. We worked with a team of external experts in digital marketing to design the @Backflipkitten Instagram account. With this new Instagram identity and a girl-friendly character, the backflip kitten, we hope to talk directly to the girls with fun, localised and relatable content whilst also touching on sensitive topics and issues that are relevant to them. Backflip kitten will use the local Cantonese language and speak to them like a 'big sister' but must still retain the Mother's Choice tone of voice that is non-judgemental and supportive. We will engage directly to provide clear and accurate information and encourage the girls who need us to reach out to our caseworkers.

Additionally, we designed a Mother's Choice Crisis Pregnancy Awareness Video, launching its first view for International Women Day on 5th March 2024. This allowed us to gather other professionals serving our target client group and other partners and stakeholders, to introduce the @Backflipkitten Instagram account and our services in the wider committee.

Decision Making Toolkit

We developed a toolkit to empower case workers and young people to make informed decisions about their crisis pregnancies. It provides comprehensive insights into each pregnancy option and its implications, equipping professionals with the knowledge and tools needed to support a network of informed, compassionate care.

Business review (continued)

We organized a soft launch of the toolkits through multiple events and media platforms, maximizing reach among professionals who can benefit from these resources.

i. Event Showcase: The toolkit was introduced at the HKCSS exhibition on 26 February 2024, attracting over 80 professionals from more than 26 agencies. These professionals, who work directly with youths, were given a first-hand look at how the toolkit can support their services.
ii. Focused Sharing Session: We held a session attended by 15 professionals from youth agencies, schools, and social workers, highlighting the toolkit's value for providing sensitive and informed support to young girls facing crisis pregnancies.
iii. Outreach and Engagement: We extended our reach through targeted emails to sectors including IFSCs, youth agencies, and attendees from our 2022 Changing Life Stories conference. 255 professionals received materials to view the video and explore our Instagram page.

2.3.2 Pregnant Girls Home

Pregnant Girls Home (PGH) is a residential care home service for our most at-risk girls, many of whom have been homeless or living in unsafe environments. PGH house mothers (HMs) and volunteers create a safe and healthy environment with healthy routines and structures to meet the girls' daily needs and teach basic life skills. PGH includes three specially designed live-in programmes for

i. pre-natal residential care,
ii. post-natal residential care and also
iii. mother-and-baby residential care for girls who do not have a safe home to return to immediately after birth.

PGH's daily programmes are structured into three key streams - Core, Supplemental, and Optional.

i. Our HMs guide the girls in our core programme to prioritize safety, self-care, and baby care. They also encourage positive thinking and help the girls capture memories in their "happy book." This book can be a valuable resource for the girls to draw on for emotional support and inspiration, even after leaving our hostel and living independently in the community.
ii. Our Supplemental and optional programme includes planned outings, easy hiking, hobby groups, baking, and vocational skills. We offer daily programmes that support their self-sufficiency and confidence, enabling them to become successful and independent members of their communities.

For 2023/24, PGH cared for 22 girls and 7 babies, (24 placements were managed by our PGH as 2 of the girls returned during the year), surpassing the annual goal of 20 girls. As demand for our services has grown, we have recruited volunteers to support various activities including cooking, baking, yoga, and medical appointment escorts. The Youth Programme team took over the "happy book" activities and introduced vocational programmes.

Despite its success, PGH has faced challenges, including long lead time to fill in HM vacancies. To address increasingly complex cases and support young mothers, there is also a need for a best practice manual. Additionally, PGH plans to reassess HMs' training and staffing levels in the upcoming fiscal year to maintain high standards of care. Looking ahead, PGH will continue to emphasize training, volunteer recruitment, and programme development to ensure the best possible care for its participants.

Business review (continued)

New Mother Baby Pilot programme

In 2022/23, we piloted a new Mother-and-Baby Placement programme at our Hostel to support pregnant young mothers who needed a safe and stable environment to recuperate before returning to their communities. Recognizing the importance of preventing separation between mother and child, the programme provides a supportive environment that promotes bonding and attachment between mother and child during the early stages. This programme aims to facilitate healthy development and growth following birth and prepare mothers for community reintegration.

The programme acknowledges that these young mothers are often still in their youth and require specialized care to ensure they and their babies receive the necessary support. During their stay at the PGH, our Housemothers closely monitor and care for the health and well-being of these young mothers and their babies. The programme includes daily activities that enhance the knowledge and caregiving abilities of mothers. Additionally, vocational training is provided to help the mothers gain essential skills.

The Mother-and-Baby Placement programme successfully served 7 mother-baby pairs, the highest number since its launch in 2022. For the first time, HMs cared for 3 babies simultaneously in PGH. The First 100 days and first year of training completed by the HMs were crucial in effectively supporting the physical and emotional needs of the young mothers caring for their newborns, as well as other girls in the prenatal and postnatal stages.

2.3.3 Youth Programmes

Youth Programmes is our in-person training service that provides educational programmes for pregnant and parenting young girls and their loved ones including

i. our 3-choices decision-making curriculum and pre-natal care curriculum called Chillzone
ii. our First 100 days parenting training curriculum
iii. our comprehensive sexuality education programme, not only for our pregnant girl clients, but also for those caring for them and other at-risk youth
iv. our community support and mentorship for girls who previously experienced a crisis pregnancy through our Superstars programme.

In 2023/24, our Youth Programme achieved several significant milestones. One of our major initiatives was the launch of Comprehensive Sexual Education (CSE) 101A, on an e-learning platform, aimed at enhancing fundamental sexuality knowledge among our staff. This initiative proved highly effective, with 83% of MC staff gaining the essential knowledge. Prior to the e-learning programme, 55% of staff scored below 80%, but post-training, 100% of staff scored above 80%. We plan to complement this training with a 101B course in the next year to address CSE age-appropriate developmental stages in 2024/25.

Business review (continued)

We were able to increase program attendance among pregnant girls and alumni in our Chill Zone, First 100 Days Parenting Program, and Support Program. We introduced an incentive program to motivate them to join. With more recreational activities and opportunities to connect with other girls, the incentive scheme drove this positive trend in attendance. This year, we conducted 374.5 program hours, resulting in 2,011 attendances—a 59% increase from last year. Our efforts to enhance knowledge in natal care and sexual health among pregnant girls were notably successful. With the addition of five professional volunteers, 78.9% of pregnant girls showed improved understanding in these areas, a significant improvement from the previous year when we had only one volunteer. Recognizing the increasing need for childcare support in our programmes, we are growing our childcare volunteer pool in collaboration with the Volunteer Engagement team as this will enable more parenting girls to join our programs.

The Summer Party was a success, bringing together 52 girls, their children, and partners. Such gatherings also serve as an opportunity to distribute donations as gifts and prizes, significantly enriching the experience for all attendees and fostering a sense of community and support. Looking ahead, we plan to continue organizing these annual events and explore new venues to reconnect and engage with alumni and pregnant girls.

Despite these significant achievements, we faced some staff turnover challenges during 2023/24 that impacted on our programme timeline and development efforts. The Baby First Year Programme, initially scheduled for rollout in 2023/24, had to be postponed to 2024/25. This programme aims to train both community girls and PGH girls who choose parenting to take care of their babies during the first year.

2.4 Family services: Because no family can do it on their own

We build and strengthen forever families, both birth and adoptive, with training and relationships to help children thrive. We believe that families cannot parent on their own – they need the resources, knowledge and skills, and community support for the lifelong journey of parenting. Our Family Services consists of two core services,

i. our Adoption Services
ii. Safe Families

2.4.1 Adoption Services

Mother's Choice's Adoption Services is one of three non-governmental "Accredited Bodies" licensed by the SWD to offer both

i. local adoption services (since 2010) and
ii. intercountry adoption services (since 2006), designed to help build families both locally and overseas for children and who are waiting in the residential care system.

Business review (continued)

The Adoption Services team's mission is to ensure that every child is placed in a safe, loving, and permanent family as quickly as possible, and to help children and their families thrive during their lifelong journey of adoption. Our Local Adoption programme support families at each stage of the adoption process, from preparation and assessment to matching and post-adoption, through training, workshops, events for adoptive families to connect with one another and one-on-one support. Our post-adoption programmes provide workshops and support for adoptive families in Hong Kong, through education and experience sharing, group facilitation, and individual case support.

In our Intercountry Adoption programme, our social workers assess and prepare children who are not able to be adopted locally in Hong Kong to be adopted overseas, working with government approved agencies in the United States who help us find strong adoptive families in compliance with the Hague Convention.

Local Adoption

In 2023/24, Mother's Choice continued its efforts to find families for children waiting for adoption with complex needs both locally and overseas. This involved assessing the readiness of applicants and preparing them through comprehensive training and reflection. This year, we managed 78 adoptive families, with 14 families being approved,16 families matched with children and 16 adoptions successfully finalized.

In 2023-24. 16 families from Mother's Choice adoptive families were matched, constituting 35.6% of the local matches and positioning us as the second-highest matching agency, closely following SWD. Additionally, 28.6% of the children at the panel were from Mother's Choice, highlighting our significant role in the adoption process.

In order to enhance our family vetting procedures, we have revised our approach and timelines for key milestones of the vetting journey. Starting from the 2023/24 period, the case open date aligns with the commencement of the home visit stage, when all outstanding documents and the child preference form are collected. This adjustment provides a more accurate representation of our families' readiness and improves the timeliness of our home study report completions.

International Adoption

In 2023/24, Mother's Choice facilitated placements with overseas adoptive families, despite challenges such as navigating lengthy legal processes and managing changes in our overseas partner agencies. Throughout the year, there were 21 ongoing child adoption cases at various stages of the process. We have identified potential overseas adoptive families for 8 of these children. Among them, 4 children have been successfully matched with adoptive families, and 3 children have joined their overseas adoptive families permanently.

This year, we observed a significant increase in referrals for overseas adoption, with 21 referrals compared to 7 in the previous year. Our focus shifted to empowering more local families to consider adopting older children or children with complex needs and communicating with overseas agencies about these changing trends. We also faced challenges with extended scrutiny regarding the eligibility of adoptive families, resulting in delays in obtaining High Court Orders. However, we managed to sustain progress in most cases, even when an adoption agency in the USA ceased operations, by swiftly identifying an alternative agency to ensure minimal disruption.

Business review (continued)

We were sorry to hear of the closure of Dillon international Inc, a primary service provider for intercountry adoptions with whom Mother's Choice worked for many years. In light of this closure as well as a growing trend of smaller agencies reviewing their overseas programmes. We will be going forward exploring alternative primary service providers to maintain the momentum in our family-matching efforts children waiting for intercountry adoption.

2.4.2 Safe Families

Launched in 2021, we were officially licensed by Safe Families for Children (SFFC) in the USA to operate this new programme in Hong Kong. Safe Families creates and leverages networks of volunteers across the community to support young mothers on their journey of parenthood and helps keep their children from falling into the residential care system. By creating extended family-like support for struggling families through a community of devoted volunteers, Safe Families aims to weave a safety net so that when challenges arise, families can stay together and thrive. Our social workers recruit, vet and train:

i. Volunteers to provide child care support
ii. Volunteers to provide mentorship and friendship for parents
iii. Faith and other communities that can wrap around these volunteer circles of support and the vulnerable families

In 2023/24, we saw significant growth and impact in our Safe Families programme. We served a total of 21 families this year, a 33% increase compared to 2022/23, with 79% of cases closed with goals being met. This reflects our effectiveness in supporting families and ensuring they have the resources and support needed to thrive. We reached a milestone of approving 100 volunteers since the programme's launch in 2021 and renewing our contract with SFFC until October 2025. Most of our volunteers are Chinese-speaking (82%), with 47% coming from church communities.

We continued to mobilize volunteers in supporting 5 Mother and Baby placements in our Pregnant Girls Home in 2023/24. This placement offered early support while the girl was still residing in the hostel and helped her gradually transition home, demonstrating the strength and cohesion of the support circles we create.

Community engagement has also been a key focus. We have established ongoing partnerships with 3 partner churches, which are involved in leading and matching Safe Families volunteers and actively recruiting Safe Families volunteers within their church communities. Additionally, 3 onboarded churches have leaders and congregations committed to becoming Safe Families volunteers.

Despite some challenges, including an increase in dropped referrals due to complex cases and two child protection incidents, we implemented protocols and interventions to address these situations effectively and ensure the safety and well-being of the children involved. Through these efforts, Safe Families remains dedicated to supporting vulnerable families, ensuring they receive the care and support they need to stay together and thrive.

We partnered with Child Frontiers, an external evaluator, to help us improve our monitoring and evaluation processes for Safe Families. Child Frontiers reviewed our indicators and conducted interviews with beneficiaries, volunteers, and staff members. In January 2024, we held a group discussion with teen moms to learn how our service has helped and how we can enhance our service offering. Child Frontiers will submit their final report in Oct 2024.

Business review (continued)

2.5 *Community services: Because everyone has a role to play*

We believe that everyone has a role to play and everyone can make a difference in ensuring that every child grows up in a loving family. We believe that we need to learn from others, and that we can also share what we have learned with others to help change knowledge, attitudes and behaviors in our community to make our vision a reality. We recognize that we do not provide our services in isolation, and when we work with others in the community, we can see real, sustainable impact that will last for generations. Our Community Services mobilizes, equips and empowers our community through three core services:

i. Volunteer Engagement
ii. Community Education
iii. our Alumni programme

2.5.1 Volunteer Engagement

Volunteer Engagement (VE) is our service that manages volunteers from the local community and from overseas. VE recruits, vets and manages over 1000 volunteers, who make up 85% of our total workforce. VE intentionally engages the next generation of children and youth through our Youth Leadership Councils in secondary schools, summer internship programmes, and parent and child volunteer events. VE engages medical, legal and many other professionals and pro bono service providers to supplement our team and ensure high quality services.

In 2023/24, we focused on welcoming back volunteers at full capacity across the organization and resumed hosting in-person appreciation events between April and June. We mobilized a record-breaking number of 1,182 volunteers, an increase of 26% compared to last year.

Three new initiatives were launched to support our Children Services this year. Volunteers were trained to escort children in Foster Care to receive EIS and visit their birth families. In order to expedite the matching process of children to Foster, Adoptive or Safe Families, volunteers were recruited to draft Home Assessment reports, assisting our case workers with initial note taking and building our internal capacity. Additionally, with more children experiencing speech delays in Child Care Home, the Read-Me-A-Book programme was developed to train volunteers how to read to children in order to enhance their cognitive development and address speech delays. 220 volunteers also served at our Community Fun Day.

We continued to recruit volunteers to support our Youth Services, including answering the Hotline, supporting mother-and-baby placements at the Pregnant Girls Home (PGH), providing workshops for pregnant girls and young mothers in the community, as well as staying in the PGH.

This year, we intentionally engaged a record-breaking number of students in various capacities. This included 104 students volunteering in the 4-8 weeks Summer Internship programme which comprises of the 5pm-7pm shifts playing with children, 138 students supporting Mother's Choice events, and 280 students from 19 schools involved in the Youth Leadership Council to raise awareness of the importance of children having a permanent home in their school communities.

Business review (continued)

We launched a semi-annual volunteer Newsletter in June and December 2023/24, aiming to inform the volunteers about the work that we do and that they enable, sharing with them stories from volunteers and publicizing volunteering opportunities. The launch issue was sent to over 2,000 active, resigned and waiting volunteers with an encouraging 80% click/open rate.

2.5.2 Community Education

Community Education (CE) is our service that both instigates change in practice and policy relating to child welfare and gives the opportunity to put theory into practice by working alongside our frontline staff. The team develops and delivers training programmes and resources internally that equip our own staff and volunteers to deliver consistent and high-quality services in line with our commitment to child protection. We also share our evidence-based models, training and recommendations with our community partners and other professionals whose work directly impacts our clients through workshops, conferences, forums and paper submissions.

In 2023/24, we continued to ensure that all core programmes and services are solidified into manuals, toolkits, training, case studies, etc., and that we have an internal training academy that can systematically ensure that the onboarding and development of all current and future staff at Mother's Choice is consistent. We have also shared our learnings and practices with peer agencies, community partners and academics/government so that we can collaborate to see every child in a safe, loving and permanent family.

Some of the more notable sharing/engagements include speaking at the panel of the Mandatory Reporting of Child Abuse Forum, teaching at the Jockey Club Measurement, Evaluation and Learning Institute project, hosting visits for the Department of Justice, Hong Kong Jockey Club as well as the Social Welfare Department alongside with several tailored workshops for university students. Particularly encouraging was the visit of Mr Paul Lam, the Secretary for Justice, reflecting in his blog after the visit on how moved he was seeing vulnerable children being loved and cared for at Mother's Choice and his call for action for more people to join hands and bring love and hope for people in need.

Children's cases continue to remain stuck and as it has become increasingly difficult to ensure that children achieve permanency in a "forever family". Being the voice for children stuck in the system is more important than ever. The team, leveraging on various government and Legco platforms, made several positioning submissions focusing on effective permanency. The submission to the Chief Executive Policy Address for 2023-24 comprised of 3 key pillars:

i. Expanding procedural guidelines to ensure effective permanency planning;
ii. Establishing an Independent Review System to expedite children's transitions to safe, loving families; and,
iii. Elevating the role of court oversight in the permanency planning processes.

Subsequently, our submission to the Legco Subcommittee on "Issues Relating to Policy on Monitoring Child Protection Agencies", tasked with reviewing the service quality of Residential Child Care services (RCCS), also emphasized the importance of effective permanency planning for children in care and made recommendations along the same line as the Policy Address paper.

Business review (continued)

Our third submission, in response to the Government's consultation on the draft Mandatory Reporting of Child Abuse Bill ("The Bill"), reiterated the need for a holistic approach to equip and empower professionals to safeguard vulnerable children and the importance of promoting a city-wide culture that "child protection is everyone's responsibility". Permanency planning remains a consistent theme alongside with mandating the establishment of child protection frameworks for all agencies in order to protect the best interest of every child.

We remain positive with the direction of the Government to continue its focus on child protection and improving the monitoring and services standard of RCCS. The Mother's Choice team will continue to work with its Community Education Taskforce, which includes members of the Mother's Choice Board and Committees, the leadership team, and strategic support from Teneo. Their goal is to develop a stakeholder engagement roadmap to connect with key officials and contacts who can help resolve the systemic barriers to seeing children in safe, loving and permanent families in Hong Kong.

2.5.3 Alumni

Alumni is our platform that gathers members of the Mother's Choice family of staff, volunteers, clients, and supporters and helps them to stay connected with us. It is a space that captures an honours our history and heritage, allows alumni to share their stories and empowers alumni to be our champions and advocates for life.

In summer 2023, Mother's Choice launched our Alumni programme to reconnect with members of the Mother's Choice family who live both in Hong Kong and around the world. This project entailed setting up an Alumni website and after the first email push to our database, we gathered 270 registered alumni of which 70% are based in Hong Kong. Other registrants came from 13 countries representing adoptive and foster families, former staff and volunteers, and our supporters.

To reach our overseas alumni, we identified and set-up Alumni chapters to enable relationships and connections on a local level. Each chapter is led by a "champion" who has been identified and approved by Mother's Choice and has been a previous member of the Board, committees or staff. We currently have such country champions in Australia, Singapore, Dubai, the UK, the USA and Spain as well as in Hong Kong.

To reach our global audience, we piloted a virtual Family Reunion on Dec 2nd and 3rd 2023. We connected our alumni from around the world to past stories from our beginning, including Mother's Love in China, and updated attendees on our impact in Hong Kong and new programmes like Safe Families. We gathered feedback and learnt that there was a goodwill and appetite to reconnect with Mother's Choice. Despite the distance, many alumni enjoyed connecting and learning about the large Mother's Choice community in their countries. Looking forward, we will build on these pilot initiatives to grow our network and dedicate more resources to capturing their stories.

Business review (continued)

2.6 Information technology and impact measurement

In 2023/24, our Information Technology (IT) team made significant strides in enhancing our Case Management System, implementing functionality for our Safe Families programme and releasing a series of updates and fixes. These latest developments consolidate all our services into a single, electronic system, ensuring comprehensive and efficient data management. A project to overhaul our Volunteer Management system was initiated, with key goals and a roadmap set for implementation in 2024/25.

The IT team continues to work closely with the Impact Measurement team to develop automated visual dashboards tracking all our metrics and KPIs across all services. Significant progress was made in this space during 2023/24 with service dashboards up and running for Youth and Children Services and in User Acceptance Testing for Foster and Adoptive Families.

2.7 Facilities and administration

2.7.1 Critical Repair Works

Three of our four office buildings are grade 1 heritage structures, each over 100 years old. Despite undertaking significant renovation projects in recent years, some of which were government-sponsored, our facilities team continues to encounter ongoing maintenance challenges, including persistent mold and water seepage issues. Additionally, the cost of repairs and maintenance is escalating, with some buildings requiring urgent further renovations. Consequently, we expect these costs will continue to rise.

We continue to dialogue with the relevant authorities to coordinate important remedial work. The full application for a $6M Financial Assistance Scheme to the Development Bureau (DB), including a revised Conservation Proposal and Technical Assessment for Child Care Home was finalized by our appointed government consultant and submitted to DB for review in Nov 2023. We still await the application result.

2.7.2 Heritage Buildings and Future Plans

In 2023/24, the Government Property Agency terminated our existing leases (with auto renewal terms) and offered a new replacement tenancy agreement for a term of three years for our three heritage office buildings. Under the new agreement, the landlord can terminate the tenancy by giving three months' notice and Mother's Choice is required to keep and maintain the interior and exterior of the premises, including but not limited to structural repairs,all of which results in additional exposure to the organization.

Anticipating further deterioration and increasing costs of upkeep, we recognize the importance of proactively managing and addressing the future needs of the organization to ensure its continued success and ability to meet its mission in office and residential premises that are safe and fit for purpose.

Our Building Committee has thoroughly researched various long-term solutions for the organization, including options for securing a new building location. As a proactive measure, the Board has allocated $40 million from our operating reserves to establish a building fund, intended to cover the initial seed costs for this initiative.

Business review (continued)

3 Our people

In 2023/24, we navigated a period of significant staff transitions and emerged stronger by addressing key challenges head-on. We successfully enhanced our remuneration packages adjustments to boost competitiveness and retain top talent, implemented focused recruitment strategies to attract a diverse pool of qualified candidates, and invested in developing newly promoted and recruited managers to strengthen our leadership bench. These efforts resulted in a notable decrease in turnover. We launched a new transportation allowance for all staff in April 2023 and held a workshop for management to deepen our leadership skills based on our management training curriculum launched in 2022/23.

Looking ahead, we remain steadfast in refining our strategies to elevate employee satisfaction, retention rates, and leadership capabilities, all of which will contribute to overall organizational success.

4 Financial performance review

The total Operating Income in 2023/24 was $89.6 million and total expenditure was $80.4 million. Operating Surplus was $9.2m, the total surplus and total comprehensive income for the year was $14.8 million.

4.1 Income

The total Operating Income in 2023/24 was $89.6 million and total expenditure was $80.4 million. Operating Surplus was $9.2m, the total surplus and total comprehensive income for the year was $14.8 million.

Grants from Government and Public Organizations

Mother's Choice received $28.2 million grants from government and public organizations in 2023/24, which was 2.8% or $0.8 million higher than the grants received in the previous year. This $28.1 million comprised:

i. $20.8 million from the Social Welfare Department, allocated towards the cost of providing residential care services for special needs children, supervision and support to foster families.
ii. $4.2 million from The Community Chest of Hong Kong for our newborn and infant residential care service in the Child Care Home.
iii. $3.2 million from the Hong Kong Jockey Club Charities Trust towards our Pregnant Girls Services and Community Education.

Organized Events

Major Donors and Events brought in a total of $39.7 million, mainly driven by the Gala Dinner 2023, Family Fun Fair, Golf Tournament and Truffle Dinner.

A new pilot fundraising event - the Mother's Choice Family Fun Fair, was successfully held on September 17 at the Fullerton Ocean Park Hotel. This highly customized event was designed to connect new families with young children who were seeking unique opportunities to learn about the work of Mother's Choice and explore philanthropic engagement. A total of $1.7 million was raised.

Business review (continued)

After a six-year hiatus, Mother's Choice Community Fun Day (formerly known as the "Walkathon") was held on November 5 at Island School. This mass community event raised $1.3 million. This event helps to increase our brand awareness in the community.

Events are one of Mother's Choice's unique selling points as a way to engage, diversify and appreciate our many key stakeholders from donors to volunteers, adoptive and foster families, and more. With "authentic relationship" as one of our core values, we endeavor to interact in a personal manner during our events. This year, after the prolonged pandemic period, we were able to bring all our events back to in-person formats. Additionally, we spent a lot of time revisiting, refining and creating new event experiences, with a particular focus on engaging with our faithful major donors, as well as building new donor pipelines.

4.2 Expenditure

Mother's Choice continues to develop and invest in its services and compete for talent in an increasingly competitive marketplace. Total operating expenditure in 2023/24 was $80.4 million, which was 6.9% or $5.2 million higher than last year.

The operating expenses were higher as we gradually emerged from pandemic related restrictions, returning to normalcy from the beginning of 2023. Having experienced high turnover in the previous year resulting in a shortage of staffs, several new initiatives were launched in 2023/24 to enhance staff retention and recruitment amounting to $4.2 million increase in salaries and allowances. Other major increase in operating expenses included $0.7 million in program cost.

5 Reserve and surplus funds

As Mother's Choice has many vulnerable children and youth in its care, it is critical to maintain adequate reserves for operational purposes and conserve reserve funds in accordance with our reserve policy. These reserve funds ensure the stability of daily operations, provide emergency funds for adverse situations such as unexpected increases in expenses, losses, shortfall in funding and build long-term capacity on building and services. Our overall reserve target is 150% of annual expenditure not covered by government funding or specific purpose funding from other public organizations, providing us with the certainty that we can continue to operate our essential services during periods when our traditional funding avenues are not available.

In 2023/24, Mother's Choice raised a surplus of $14.8 million, increasing overall reserves to $134.5 million (including $5.6 million of unrealized investment gain), representing an increase of 12.4% from the previous year. The level of overall reserve allows us to meet inflationary cost challenges, enhance our existing programmes, grow our pilot programmes for vulnerable children and young girls and continue to attract talent. We anticipate that our staff retention initiatives will enable us to operate closer to full capacity in the future, thereby raising our future expenses and decreasing this surplus. In addition, $40 million of these reserves have been set aside as provisions for future anticipated funds needed for a new building this year.

Business review (continued)

6 Risk and uncertainty

Mother's Choice relies extensively on private donations to fund its operations. An economic downturn presents a significant risk to these donations. This can lead to uncertainty in service planning, as historically there have been swings in our income due to change of economic environment and availability of donors at Mother's Choice events. Furthermore, the costs to deliver programmes and build organizational capacity continue to increase due to inflation and increase of labor costs.

Mother's Choice continued to develop its longer-term fundraising strategy to ensure greater certainty for service delivery, increasing multi-year commitments from grants and foundations. In addition, to raising money to fund our existing operations and programmes, we sought to raise and invest additional funding to build capacity within our current services and to improve our infrastructure to enable sustainability and continuity of care for the vulnerable children and young people we serve.

We are aware of the need to provide a stable and safe working environment for our services. Three out of the four buildings in which Mother's Choice operates are classified as Grade 1, heritage buildings, over 100 years old and are held on short-term government leases. These buildings require a significant amount of routine and emergency maintenance work which can lead to unforeseen costs and disruption to services. Mother's Choice aims to continue to accumulate reserves to cover the risk that any or all these heritage buildings must be vacated, and alternative accommodation be required in the short- or long-term. The Building Committee has outlined various options to the board.

The reserve funds are made up of short-term and long-term reserves. While the short-term reserves are maintained to support daily operating expenditures, the long-term reserves are allocated for investment in a portfolio with the primary objective to safeguard and preserve the real purchasing power of the reserve fund while earning investment returns commensurate with the Organization's risk tolerance. While the Organization aims to generate positive investment returns, preserving the ability to fund the organization's operational needs over the long term is the main objective. To ensure that the investment portfolio maintains the right balance between long term growth of capital, whilst withstanding short-term market volatility, the Mother's Choice Finance Committee as well as the representatives of the portfolio manager, regularly review the performance and asset allocation of the portfolio and report to the board.

The global market rebound has had a positive impact on the market value of the Mother's Choice Investment Portfolio. As of 31st March 2024, we have recognized a yearly unrealized gain of $5.6 million or 9.1% of the portfolio. In addition, an accumulated unrealized gain of investment was $17.1 million or 34.2% of the portfolio since its inception in 2015. In addition to the investment portfolio, HKD $56M was placed as a USD overnight cash deposit.

Business review (continued)

7 Financial accountability and control measures

Mother's Choice has established and implemented planning and budget control measures to ensure that all donations are used according to the plans and scope of its services. In addition, individual accounts are set up for designated programmes to enhance accountability and transparency.

An annual plan and budget are presented by management and discussed and approved by the Board of Directors. This plan and budget, and the latest forecast, are subject to continual review by the Board at its regular meetings held during the year. Review and monitoring also takes place through two of the Board's Standing Committees: Finance and Fundraising.

8 Compliance with best practice, rules, and regulations

Mother's Choice received grants from government and public organizations to operate certain services and programmes of our Child Care Home, Foster Care Services, Pregnant Girls Services and Community Education. Its operations are subject to compliance requirements of the Social Welfare Department, The Hong Kong Jockey Club Charities Trust, and The Community Chest of Hong Kong, under which our spending, payment approval, accounting procedure, as well as the reporting disclosure are regulated and inspected or reviewed on a regular basis. We provided detailed disclosure of our financials in response to these requirements in our audit report.

9 Financial statements

The result of the company for the year ended 31 March 2024 and the state of affairs of the company at that date are set out in the financial statements on pages 27 to 57.

Funds and reserves

Details of the funds and reserves of the company are set out in note 15 to the financial statements.

Business review (continued)

Directors

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

Rebecca I BROSNAN	
Chun Yu, CHAN	(Appointed on 25 September 2023)
Yin Nei Rita CHAN	
Wei Ting Ronna CHAO	
Chi Man CHENG	
Ming Ming Anna CHEUNG	
Patricia CHU	
Kaye DONG	
Andrew George GARDENER	
Joel JAMES	(Appointed on 25 September 2023)
Mum Yee Millie LAU TONG	
Suk Bae Ronald LEE	(Resigned on 25 September 2024)
Christine MA-LAU	(Appointed on 25 September 2023)
Gretchen Dawn RYAN	
Patrick Philip SHERRINGTON	
Chai Tong Joseph WAN	
Tim WANNENMACHER	(Retired on 25 September 2024)
Benjamin Ian WAY	
Wei Wei XING	

In accordance with articles 45 to 47 of the company's Article of Association, Suk Bae Ronald LEE and Tim WANNENMACHER are retiring from the board, being eligible but do not offer themselves for re-election and for Ming Ming Anna CHEUNG, Kaye DONG, Mum Yee Millie LAU TONG and Patrick Philip SHERRINGTON, being eligible, offer themselves for re-election as directors of the company.

At no time during the year was the company a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of an interest in the company or any other corporate body.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

Business review (continued)

Directors' interests in transactions, arrangements or contracts

No contract of significance to which the company was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as honorary auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

Andrew George GARDENER	Wei Wei XING
Chairman	Director

Hong Kong, 25 SEP 2024

KPMG

Independent auditor's report to the members of Mother's Choice Limited

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Mother's Choice Limited (the "company") set out on pages 27 to 57, which comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, the statement of changes in funds and reserves and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the company 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 Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the members of Mother's Choice Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

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 HKFRSs 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

KPMG

Independent auditor's report to the members of Mother's Choice Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

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

- 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 SEP 2024

Statement of comprehensive income for the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	Note	2024 $	2023 $
Principal sources of revenue			
Designated donations			
- Government and public grants			
- The Community Chest		4,180,440	3,800,400
- The Hong Kong Jockey Club Charities Trust		3,229,000	3,785,918
- Social welfare subvention		20,777,618	19,813,748
- Others		11,786,165	15,549,133
General donations		20,589,121	39,629,327
Gala dinner income		25,782,198	-
Other revenue			
Child care reimbursement		17,000	68,000
Interest income		3,183,729	607,896
Government grants	3	-	2,877,868
Others		33,445	45,597
		89,578,716	86,177,887
Expenditure	4		
Service costs		69,098,485	64,928,584
Fundraising and marketing costs		5,483,398	5,500,255
Management and administrative costs		5,833,729	4,811,107
		80,415,612	75,239,946
Surplus for the year			
Operating surplus		9,163,104	10,937,941
Net realised and unrealised gain/(loss) on financial assets at fair value through profit or loss		5,675,515	(6,119,844)
Total surplus and total comprehensive income for the year		14,838,619	4,818,097

The notes on pages 32 to 57 form part of these financial statements.

Statement of financial position at 31 March 2024

(Expressed in Hong Kong dollars)

	Note	*2024* $	*2023* $
Non-current assets			
Property, plant and equipment	7	24,109,980	26,662,084
Current assets			
Prepayments, deposits and other receivables	8	2,046,481	1,774,394
Deposits and cash	9	79,653,912	69,899,386
Investments	10	67,173,756	61,498,241
		148,874,149	133,172,021
Current liabilities			
Other payables and accruals	11	(6,553,998)	(9,564,977)
Deferred income	12	(23,381,807)	(24,319,372)
Surplus subventions	13	(7,261,442)	(6,248,161)
		(37,197,247)	(40,132,510)
Net current assets		111,676,902	93,039,511
Total assets less current liabilities		135,786,882	119,701,595
Non-current liabilities			
Long service payment liabilities	14	(1,246,668)	-
NET ASSETS		134,540,214	119,701,595

Statement of financial position at 31 March 2024

(Expressed in Hong Kong dollars)

	Note	*2024* $	*2023* $
Represented by:			
Funds and reserves	15		
Accumulated surplus		102,862,315	88,023,696
Long-term reserves	15(b)	31,677,899	31,677,899
		134,540,214	119,701,595

Approved and authorised for issue by the board of directors on 25 SEP 2024

Andrew George GARDENER
Chairman

Wei Wei XING
Director

The notes on pages 32 to 57 form part of these financial statements.

Statement of changes in funds and reserves for the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	Accumulated surplus $	*Long-term reserves* $	*Total* $
Balance at 1 April 2022	83,205,599	31,677,899	114,883,498
Change in funds and reserves for the year ended 31 March 2023:			
Surplus and total comprehensive income for the year	4,818,097	-	4,818,097
Balance at 31 March 2023 and 1 April 2023	88,023,696	31,677,899	119,701,595
Change in funds and reserves for the year ended 31 March 2024:			
Surplus and total comprehensive income for the year	14,838,619	-	14,838,619
Balance at 31 March 2024	102,862,315	31,677,899	134,540,214

The notes on pages 32 to 57 form part of these financial statements.

Cash flow statement for the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	Note	2024 $	2023 $
Operating activities			
Total surplus and total comprehensive income for the year		14,838,619	4,818,097
Adjustments for:			
Depreciation		3,100,191	3,209,666
Interest income		(3,183,729)	(607,896)
Amount of income recognised and transferred from deferred income	12	(937,565)	(1,579,820)
Net surplus recognised in the surplus subventions		1,013,281	31,883
Net realised and unrealised (gain)/loss on financial assets at fair value through profit or loss		(5,675,515)	6,119,844
Operating surplus before changes in working capital		9,155,282	11,991,774
(Increase)/decrease in prepayments, deposits and other receivables		(272,087)	170,004
(Decrease)/increase in other payables and accruals		(1,764,311)	4,948,992
Net cash generated from operating activities		7,118,884	17,110,770
Investing activities			
Interest received		3,183,729	607,896
Payments for the purchase of property, plant and equipment		(548,087)	(1,579,574)
Net cash generated from/(used in) investing activities		2,635,642	(971,678)
Increase in cash and cash equivalents		9,754,526	16,139,092
Cash and cash equivalents at the beginning of the year		69,899,386	53,760,294
Cash and cash equivalents at the end of the year	9	79,653,912	69,899,386

The notes on pages 32 to 57 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Status of the company

The company was incorporated in Hong Kong on 21 August 1987 as a company limited by guarantee.

The principal activities of the company are the provision of counselling for young girls facing crisis pregnancy, adoption services and the operation of a baby care home and foster care programme on a non-profit making basis.

As at 31 March 2024, under the provisions of the company's memorandum of association, each of the 20 members (2023: 20 members) shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding $10 each.

2 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Company are disclosed below.

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

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the following asset is stated at fair value as explained in the accounting policies set as below:

- Investments in equity securities (see note 2(d))

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Material accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

(i) New and amended HKFRSs

The HKICPA has issued a number of new and amended HKFRSs that are first effective for the current accounting period of the company. None of these developments have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented.

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

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

As disclosed in note 14, in June 2022 the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the company has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance. This has no material impact on the company's results and financial position for the current and prior periods.

2 Material accounting policies (continued)

(d) Investments in equity securities

Investments are recognised/derecognised on the date the company commits to purchase/sell the investments or they expire. Investments in equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the company determines fair value of financial instruments, see note 17(e). These investments are subsequently accounted for as follows, depending on their classification:

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the company makes an irrevocable election to designate the investment at fair value through other comprehensive income (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

(e) Property, plant and equipment

Property, plant and equipment, including right-of-use assets, arising from leases of underlying property, plant and equipment (see note 2(h)), is stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of each item of property, plant and equipment less its estimated residual value, if any, using the straight-line method over its estimated useful life as follows:

- Ownership interests in leasehold land and properties held for own use	Over the shorter of the unexpired term of lease and their estimated useful lives of 35 years
- other property, plant and equipment	4 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 Material accounting policies (continued)

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in the statement of comprehensive income to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

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

(f) Prepayments, deposits and other receivables

A receivable is recognised when the company has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Receivables that do not contain a significant financing component are initially measured at their transaction price. Receivables that contain a significant financing component and are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

The loss allowance is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the receivables. The loss allowance is estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The company recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of the receivables through a loss allowance account.

The gross carrying amount of a receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2 Material accounting policies (continued)

(g) Other payables and accruals

Other payables and accruals are initially recognised at fair value. Subsequent to initial recognition, other payables and accruals are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(h) Leased assets

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

At the lease commencement date, the company recognises a right-of-use asset and a lease liability, if applicable, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the company enters into a lease in respect of a low-value asset, the company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(e)).

In the statement of financial position, the company presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

The company recognise a loss allowance of cash and cash equivalents using 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which the loss allowance is measured at an amount equal to lifetime ECLs.

2 Material accounting policies (continued)

(j) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit plan obligations

The company's net obligation in respect of LSP under the Hong Kong Employment Ordinance, which is the company's only defined benefit plan, is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the company's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(k) Provisions and contingent liabilities

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

2 Material accounting policies (continued)

(l) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the company's revenue and other income recognition policies are as follows:

(i) Designated donation income

Designated donations are accounted for in the statement of financial position as deferred income when management has assessed that they will be received and that the company will comply with the conditions attached to them. Designated donations are recognised as income in the statement of comprehensive income on a systematic basis in the same periods in which the related expenses are incurred. Designated donations for the cost of assets are recognised in the statement of comprehensive income over the useful life of the assets by way of reduced depreciation expenses. Subventions from the Social Welfare Department are recognised as income in the statement of comprehensive income on a systematic basis in the same periods in which the related expenses are incurred and when the conditions attached to the subventions are met.

(ii) General donation income

General donations are recognised when the company becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash by the company or third-party fundraiser.

(iii) Gala dinner income

Gala dinner income are recognised when the company becomes entitled to the donations from dinner and it is probable that they will be received, which is generally upon the receipt of cash by the participants.

(iv) Interest income

Interest income from bank deposits is recognised as it accrues using the effective interest method.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to them. Grants that compensate the company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(m) Expenditure

Expenditure is accounted for on an accrual basis.

2 Material accounting policies (continued)

(n) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the statement of comprehensive income.

(o) Related parties

(1) A person, or a close member of that person's family, is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or the company's parent.

(2) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) 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).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) The entity is controlled or jointly controlled by a person identified in (o)(1).

(vii) A person identified in (o)(1)(i) 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

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

3 Government grants

In FY2023, the company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the company was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There is no such government grants recognised in FY2024.

4 Expenditure

	Note	*2024* $	*2023* $
Staff costs	4(a)	55,972,999	51,830,625
Programme expenses	4(b)	12,667,077	11,932,439
Depreciation charge	7		
- owned property, plant and equipment		2,162,625	2,272,100
- right-of-use assets		937,566	937,566
Other operating expenses		8,675,345	8,267,216
		80,415,612	75,239,946

(a) Staff costs

	2024 $	*2023* $
Contributions to defined contribution retirement plan	2,108,567	1,997,900
Expenses recognised in respect of LSP (note 14)	743,335	196,039
Salaries, wages and other benefits	53,121,097	49,636,686
	55,972,999	51,830,625

(b) Programme expenses

	2024 $	*2023* $
Foster care allowance	7,527,596	7,860,751
Medical and therapist	116,106	64,521
Outings and education programme	2,700,580	2,458,595
Fundraising expenses	1,861,109	829,017
Sundry expenses	461,686	719,555
	12,667,077	11,932,439

5 Taxation

The company is exempt from taxation under the provisions of section 88 of the Inland Revenue Ordinance.

6 Directors' emoluments

The directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, for the year are $Nil (2023: $Nil).

7 Property, plant and equipment

	Furniture, fixtures and fittings $	*Office equipment* $	*Leasehold improvements* $	*Motor vehicles* $	*Ownership interests in lands and properties held for own use* $	*Total* $
Cost:						
At 1 April 2022	2,858,133	7,815,580	15,769,120	291,655	32,814,802	59,549,290
Additions	68,057	1,336,067	175,450	-	-	1,579,574
At 31 March 2023	2,926,190	9,151,647	15,944,570	291,655	32,814,802	61,128,864
At 1 April 2023	2,926,190	9,151,647	15,944,570	291,655	32,814,802	61,128,864
Additions	11,951	435,185	100,951	-	-	548,087
At 31 March 2024	2,938,141	9,586,832	16,045,521	291,655	32,814,802	61,676,951
Accumulated depreciation:						
At 1 April 2022	2,725,227	6,299,179	12,565,394	291,655	9,375,659	31,257,114
Charge for the year	49,814	723,668	1,498,618	-	937,566	3,209,666
At 31 March 2023	2,775,041	7,022,847	14,064,012	291,655	10,313,225	34,466,780
At 1 April 2023	2,775,041	7,022,847	14,064,012	291,655	10,313,225	34,466,780
Charge for the year	57,960	910,420	1,194,245	-	937,566	3,100,191
At 31 March 2024	2,833,001	7,933,267	15,258,257	291,655	11,250,791	37,566,971
Net book value:						
At 31 March 2024	105,140	1,653,565	787,264	-	21,564,011	24,109,980
At 31 March 2023	151,149	2,128,800	1,880,558	-	22,501,577	26,662,084

7 Property, plant and equipment (continued)

Right-of-use assets

The company's only right-of-use assets are the ownership interests in leasehold land and properties held for own use with remaining term of between 10 and 50 years and the net book value as at 31 March 2024 is $21,564,011 (2023: $22,501,577). The company holds two office units in Kwun Tong. The company is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

The company's general office operates in three buildings classified as heritage buildings that are leased by the Government for the company's operation. These tenancies are subject to termination to be proposed by either party with at least three months' notice in writing.

During the year, there is no addition to right-of-use assets.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024	*2023*
	$	$
Depreciation charge		
- Ownership interests in lands and properties held for own use	937,566	937,566
Expense relating to short term leases	65,691	47,452

8 Prepayments, deposits and other receivables

The amounts of prepayments, deposits and other receivables expected to be recovered or recognised as expenses after more than one year is $251,645 (2023: $216,745). All of the remaining amounts are expected to be recovered or recognised as expenses within one year.

9 Deposits and cash

	2024	*2023*
	$	$
Cash at banks and on hand	79,653,912	69,899,386

10 Investments

	2024 $	*2023* $
Financial assets at fair value through profit or loss (Note 17(e))	67,173,756	61,498,241

As at 31 March 2024, the company held investments which consist of fixed income, public equity, deposit and money market funds in the total amount of $67,173,756 (2023: $61,498,241). These investments were, upon initial recognition, designated by the company as financial assets at fair value through profit or loss with subsequent changes in fair values recognised in profit or loss.

11 Other payables and accruals

All other payables and accruals are expected to be settled within one year.

12 Deferred income

The deferred income represents donations designated by the donors for a particular purpose, but which have not been spent by the company at the year end. The amounts expected to be recognised as income after more than one year total $22,444,242 (2023: $22,739,553). All of the other amounts are expected to be recognised as income within one year.

	2024		
	Balance brought forward $	*Expenditure incurred* $	*Balance carried forward* $
Property, plant and equipment	22,501,578	(937,565)	21,564,013
Maintenance and renovation	1,817,794	-	1,817,794
	24,319,372	(937,565)	23,381,807

	2023		
	Balance brought forward $	*Expenditure incurred* $	*Balance carried forward* $
Property, plant and equipment	24,081,398	(1,579,820)	22,501,578
Maintenance and renovation	1,817,794	-	1,817,794
	25,899,192	(1,579,820)	24,319,372

13 Surplus subventions

Accumulated subventions advanced by the Social Welfare Department ("SWD") to the company but not yet utilised are analysed below as required by the SWD:

	2024 $	*2023* $
Balance brought forward	6,248,161	6,216,278
Movements during the year:		
Receipt of subsidies/(utilisation and refund), net		
- SWD Provident Fund reserve	251,861	209,666
- Central items reserve	1,642,006	1,137,979
- Social Welfare Development Fund (note (a))	-	-
- Block Grant for Minor Works (note (b))	257,393	295,743
- Refund of surplus of central items to SWD	(1,137,979)	(1,469,442)
- Claw Back for Staff Allowance for COVID19	-	(142,063)
	1,013,281	31,883
Balance carried forward	7,261,442	6,248,161

(a) *Social Welfare Development Fund:*

	2024 $	*2023* $
Balance at 1 April	635,838	635,838
Allocation during the year	-	-
Expenditure during the year	-	-
Balance at 31 March	635,838	635,838

13 Surplus subventions (continued)

(b) Block Grant for Minor Works:

	2024	*2023*
	$	$
Balance of Block Grant Reserve brought forward from the previous financial year	1,994,103	1,698,360
Block Grant received during the year	316,000	310,000
Expenditure during the year	(58,607)	(14,257)
	257,393	295,743
Balance of Block Grant Reserve carried forward to the next financial year	2,251,496	1,994,103

(c) Capital commitments

As at 31 March 2024, there were no outstanding commitments in respect of Block Grant for minor works.

14 Long service payment liabilities

The company operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. Employees that have been employed under the Hong Kong Employment Ordinance continuously for at least five years are also entitled to LSP under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at $22,500) and the years of service, reduced by the amount of any accrued benefits derived from the company's contributions to MPF scheme, with an overall cap of $390,000 per employee. Currently, the company does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date i.e. 1 May 2025. Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

14 Long service payment liabilities (continued)

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The company has accounted for the offsetting mechanism and its abolition as disclosed in notes 2(c) and 2(j)(ii).

The present value of unfunded obligations and its movements are as follows:

	2024 $	*2023* $
At the beginning of the year	503,333	307,294
Total amounts recognised in profit or loss (note 4(a))	743,335	196,039
At the end of the year	1,246,668	503,333

The weighted average duration of the long service payment obligations is 8.6 years.

15 Funds and reserves

(a) Funds and reserves management

The company's objectives when managing reserves are to safeguard the company's ability to continue as a going concern, to support the company's stability and growth and to provide adequate funds for the purpose of achieving the company's short to long-term objectives.

Management regularly reviews the operation, funding structure, provident fund position and reserve utilisation of the company to ensure effective use of funds and the sound financial status of the company.

Management consider the ideal level of reserves to be 150% of the company's annual expenditure not covered by SWD, Jockey Club and Community Chest, on top of any funding set aside for specific purposes. Management is of the opinion that the level of reserves at the year end was satisfactory.

15 Funds and reserves (continued)

(b) Long-term reserves

The long-term reserves were set up with clear definitions for both their purpose and investment structure:

(i) to cover any short-term cashflow difficulties due to temporary setbacks in funding or emergency repairs and maintenance.

(ii) to enable the company to evolve and take advantage of strategic development opportunities when it needs to.

(iii) to cope with unforeseeable circumstances posed by large external changes in the environment in which the company operates such as an economic downturn or a major decline in donors' empathy to the cause. These risks, if realised, would dramatically affect the company's funding streams.

16 Related party transactions

(a) Transactions with key management personnel

Remuneration for key management personnel of the company is as follows:

	2024 $	*2023* $
Short-term employee benefits	2,802,489	2,707,211
Post-employment benefits	36,000	36,000
	2,838,489	2,743,211

(b) Transactions with other related parties

The company received donations of $3,595,864 (2023: $8,451,098) from certain directors of the company. Except for the above, there were no material related party transactions during the year.

17 Financial risk management and fair values

Exposure to credit, liquidity, foreign currency and price risks arising from its investments in the normal course of the company's business.

The company's exposure to these risks and the financial risk management policies and practices used by the company to manage these risks are described below.

(a) Credit risk

The company's credit risk is primarily attributable to other receivables and deposits and cash.

In respect of other receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Deposits and cash placed with banks are with counterparties with sound credit ratings to minimise credit exposure. Given their high credit ratings, management does not expect any of these financial institutions will fall to meet their obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The company measures loss allowance on other receivables based on the past loss experience, existing market conditions as well as forward looking information at the end of the reporting period. Having considered those factors, the company considered that ECLs recognised for the years ended 31 March 2024 and 2023 were not significant.

(b) Liquidity risk

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

The earliest settlement dates of the company's financial liabilities at the end of 2024 and 2023 are all within one year or on demand and the contractual amounts of financial liabilities are all equal to their carrying amounts.

(c) Foreign currency risk

The company has no significant exposure to currency risk as substantially all the company's transactions are denominated in its functional currency.

17 Financial risk management and fair values (continued)

(d) Other price risk

Financial assets at fair value through profit or loss are subject to changes in market prices. The exposure to price changes is managed by closely monitoring the changes in market conditions that may have an impact on the market prices or factor affecting the value of these financial assets.

Sensitivity analysis:

At 31 March 2024, it is estimated that an increase/decrease of 5% in the market prices of the underlying investments of the financial assets at fair value through profit or loss, with all other variable held constant, would have increased/decreased the company's surplus and accumulated surplus for the year approximately $3,359,000 (2023: $3,075,000).

The sensitivity analysis indicates the instantaneous change in the company's surplus that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the company which expose the company to price risk at the end of the reporting period. It is also assumed that all other variables remain constant. The analysis is performed on the same basis for the year ended 31 March 2023.

(e) Fair values measurement

Financial assets and liabilities measured at fair value.

Fair value hierarchy

The following table presents the fair value of the company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

17 Financial risk management and fair values (continued)

	Fair value at 31 March 2024	*Fair value measurements as at 31 March 2024 categorised into*			*Fair value at 31 March 2023*	*Fair value measurements as at 31 March 2023 categorised into*		
		Level 1	*Level 2*	*Level 3*		*Level 1*	*Level 2*	*Level 3*
	$	$	$	$	$	$	$	$
Recurring fair value measurements								
Asset								
Financial assets at fair value through profit or loss	67,173,756	67,173,756	-	-	61,498,241	61,498,241	-	-

During the years ended 31 March 2024 and 2023, there were no transfers between Level 1 and Level 2 or no transfers into or out of Level 3. The company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

18 Donations from CVC Capital Partners ("CVC")

In 2024, the company has received a donation of $600,000 from CVC. The donation raised from CVC will be used for the implementation of the Volunteer Engagement Framework (the "Framework").

The Framework is comprised of three key areas which included (1) Volunteer Strategy and Team, (2) Recruitment and Onboarding, and (3) Volunteer Management.

The breakdown of the receipt and usage of the funding are as follows:

	2024 $	*2023* $
Income		
Total donation received	600,000	1,200,000
Expenditure		
Salary	581,806	566,173
Other expenses	23,333	8,000
	605,139	574,173
Unutilised net proceeds carried forward	-	625,827
Expenditure covered by unutilised net proceeds brought forward	(5,139)	-

19 Details of profit or loss and other comprehensive income

	Subvented services (refer to page 54) $	*Non-subvented services (refer to pages 55 to 56)* $	*2023/2024 Grand total* $
Principal sources of revenue			
Designated donations			
- Government and public grants			
- The Community Chest	-	4,180,440	4,180,440
- The Hong Kong Jockey Club Charities Trust	-	3,229,000	3,229,000
- Social welfare subvention	20,777,618	-	20,777,618
- Others	275,791	11,510,374	11,786,165
General donations	3,841,669	16,747,452	20,589,121
Gala dinner income	4,768,656	21,013,542	25,782,198
Other revenue			
Child care reimbursement	-	17,000	17,000
Interest income	-	3,183,729	3,183,729
Government grants	-	-	-
Others	-	33,445	33,445
	29,663,734	59,914,982	89,578,716

19 Details of profit or loss and other comprehensive income (continued)

	Note	*Subvented services (refer to page 54)* $	*Non-subvented services (refer to pages 55 to 56)* $	*2023/2024 Grand total* $
Expenditure				
Salaries and allowances	4(a)	17,242,622	38,730,377	55,972,999
Transportation		59,131	95,576	154,707
Motor vehicle expenses		14,092	60,473	74,565
Overseas Travelling		-	36,545	36,545
Insurance		280,323	850,372	1,130,695
Rent and rates		65,658	236,743	302,401
Management charges		33,156	98,241	131,397
Professional fees		6,505	15,260	21,765
Bank charges		910	775,033	775,943
Utilities		258,530	874,162	1,132,692
Repairs and maintenance		103,477	322,582	426,059
Food		237,235	570,152	807,387
Programme expenses	4(b)	8,285,190	4,381,887	12,667,077
Depreciation	7	561,143	2,539,048	3,100,191
Office supplies		381,543	1,753,390	2,134,933
Cleaning expenses		100,405	442,214	542,619
Miscellaneous expenses		14,781	988,856	1,003,637
		27,644,701	52,770,911	80,415,612
Surplus for the year		2,019,033	7,144,071	9,163,104
Net realised and unrealised gain on financial assets at fair value through profit or loss		-	5,675,515	5,675,515
Total comprehensive income for the year		2,019,033	12,819,586	14,838,619

20 Details of profit or loss and other comprehensive income - subvented services

	Foster care $	Wee care $	Total subvented services (refer to pages 52 to 53) $
Income			
Principal sources of revenue			
Designated donations			
- Social welfare subvention	11,486,934	9,290,684	20,777,618
- Others	234,391	41,400	275,791
General donations	2,304,997	1,536,672	3,841,669
Gala dinner	2,861,188	1,907,468	4,768,656
	16,887,510	12,776,224	29,663,734
	$	$	$
Expenditure			
Salaries and allowances	6,914,274	10,328,348	17,242,622
Transportation	55,975	3,156	59,131
Motor vehicle expenses	8,050	6,042	14,092
Insurance	98,278	182,045	280,323
Rent and rates	45,210	20,448	65,658
Management charges	33,156	-	33,156
Professional fees	6,505	-	6,505
Bank charges	910	-	910
Utilities	54,918	203,612	258,530
Repairs and maintenance	7,602	95,875	103,477
Food	8,290	228,945	237,235
Programme expenses	8,050,732	234,458	8,285,190
Depreciation	289,428	271,715	561,143
Office supplies	141,932	239,611	381,543
Cleaning expenses	18,869	81,536	100,405
Miscellaneous expenses	3,950	10,831	14,781
	15,738,079	11,906,622	27,644,701
Surplus and total comprehensive income for the year	1,149,431	869,602	2,019,033

21 Details of profit or loss and other comprehensive income - Non-subvented services

	Administration $	Pregnant Girls Home $	Baby Care $	Community Connection $	Adoption $	Advocacy and Community Education $	Project Bridge $	Youth Programme $	Volunteer Engagement $	Early Intervention Services $	Safe Families $	Total non-subvented services (refer to pages 52 to 53) $
Income												
Principal sources of revenue												
Designated donations												
- Government and public grants												
The Community Chest	-	-	4,180,440	-	-	-	-	-	-	-	-	4,180,440
The Hong Kong Jockey Club Charities Trust	-	2,583,200	-	-	-	-	-	645,800	-	-	-	3,229,000
- Others	679,424	1,100,895	2,981,343	400,000	2,346,450	-	458,837	395,342	1,811,781	350,000	986,302	11,510,374
General donations	1,907,918	1,814,141	5,941,506	3,453,809	892,682	295,133	401,066	1,219,562	15,543	122,821	683,271	16,747,452
Gala dinner income	2,411,638	2,413,709	7,394,979	4,287,206	1,108,085	366,347	497,844	1,513,840	19,294	152,458	848,142	21,013,542
Other revenue												
Child care reimbursement	-	-	-	-	17,000	-	-	-	-	-	-	17,000
Interest income	3,183,729	-	-	-	-	-	-	-	-	-	-	3,183,729
Others	32,245	-	-	-	1,200	-	-	-	-	-	-	33,445
	8,214,954	**7,911,945**	**20,498,268**	**8,141,015**	**4,365,417**	**661,480**	**1,357,747**	**3,774,544**	**1,846,618**	**625,279**	**2,517,715**	**59,914,982**

21 Details of profit or loss and other comprehensive income - Non-subvented services (continued)

	Administration $	Pregnant Girls Home $	Baby Care $	Community Connection $	Adoption $	Advocacy and Community Education $	Project Bridge $	Youth Programme $	Volunteer Engagement $	Early Intervention Services $	Safe Families $	Total non-subvented services (refer to pages 52 to 53) $
Expenditure												
Salaries and allowances	1,837,088	4,997,305	16,810,528	4,495,172	3,437,630	541,813	1,073,315	2,868,237	76,738	518,005	2,074,546	38,730,377
Transportation	13,168	47,088	9,672	1,948	21,867	-	-	1,550	283	-	-	95,576
Motor vehicle expenses	46,294	246	8,547	4,061	155	52	10	155	454	-	499	60,473
Overseas Travelling	36,545	-	-	-	-	-	-	-	-	-	-	36,545
Insurance	220,516	69,088	316,469	69,642	59,621	12,428	-	63,037	14,607	4,748	20,216	850,372
Rent and rates	110,286	26,385	36,352	10,638	23,021	1,960	-	21,102	3,080	-	3,919	236,743
Management charges	-	52,068	-	-	33,156	-	-	13,017	-	-	-	98,241
Professional fees	13,760	-	1,500	-	-	-	-	-	-	-	-	15,260
Bank charges	216,782	370	-	556,278	144	-	-	-	352	-	1,107	775,033
Utilities	258,351	85,841	361,607	50,606	35,025	9,316	-	35,262	14,496	-	23,658	874,162
Repairs and maintenance	142,928	32,990	92,710	17,195	5,483	5,199	-	3,910	8,002	-	14,165	322,582
Food	138,403	90,795	278,039	23,860	5,133	7,176	-	5,857	11,138	51	9,700	570,152
Programme expenses	10,304	1,127,439	263,508	2,165,077	58,648	4,377	187,615	332,784	53,636	50,774	127,725	4,381,887
Depreciation	724,551	700,358	529,606	13,466	256,374	6,202	4,394	84,844	187,623	6,108	25,522	2,539,048
Office supplies	942,808	102,617	268,678	129,009	101,793	15,562	-	73,824	87,496	2,909	28,694	1,753,390
Cleaning expenses	220,094	23,844	97,158	33,744	12,538	12,372	-	11,054	18,012	-	13,398	442,214
Miscellaneous expenses	901,849	16,993	28,699	16,208	17,701	-	-	3,000	1,081	125	3,200	988,856
	5,833,727	7,373,427	19,103,073	7,586,904	4,068,289	616,457	1,265,334	3,517,633	476,998	582,720	2,346,349	52,770,911
Surplus for the year	2,381,227	538,518	1,395,195	554,111	297,128	45,023	92,413	256,911	1,369,620	42,559	171,366	7,144,071
Net realised and unrealised gain on financial assets at fair value through profit or loss	5,675,515	-	-	-	-	-	-	-	-	-	-	5,675,515
Total comprehensive income for the year	8,056,742	538,518	1,395,195	554,111	297,128	45,023	92,413	256,911	1,369,620	42,559	171,366	12,819,586

22 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements.

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Mother's Choice Limited

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(Limited by Guarantee)

31 March 2024

KPMG

Independent auditor's assurance report to the board of directors of Mother's Choice Limited (the "company")

We have audited the financial statements of the company for the year ended 31 March 2024 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditor's report thereon dated 25 September 2024.

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of the company for the year ended 31 March 2024.

Responsibilities of the Directors

In relation to this report, the Directors are responsible for ensuring the AFR of the company for the year ended 31 March 2024 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the company has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG

Independent auditor's assurance report to the board of directors of Mother's Choice Limited (the "company") (continued)

Auditor's Responsibility

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 851 (Revised), *Reporting on the Annual Financial Reports of Non-governmental Organisations* issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the Company being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG

Independent auditor's assurance report to the board of directors of Mother's Choice Limited (the "company") (continued)

Conclusion

1. In our opinion, the AFR of the company for the year ended 31 March 2024 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

2. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the Company has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Intended Users and Purpose

This report is intended solely for submission by the company to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 SEP 2024

ANNUAL FINANCIAL REPORT
NGO: MOTHER'S CHOICE LIMITED

1 APRIL 2023 TO 31 March 2024

	Notes	Total 2023-2024 $	Total 2022-2023 $
A. INCOME			
1. Lump Sum Grant ("LSG")		13,443,277	11,882,407
a. LSG (excluding Provident Fund)	1b	12,684,564	11,217,031
b. Provident Fund	1c	758,713	665,376
2. Fee Income	2	-	-
3. Central Items	3	9,169,602	8,998,730
4. Rent and Rates	4	-	-
5. Other Income	5	-	-
6. Interest Received		-	-
TOTAL INCOME	8	22,612,879	20,881,137
B. EXPENDITURE			
1. Personal Emoluments	6		
a. Salaries		11,795,454	10,062,261
b. Provident Fund	1c	506,852	455,710
c. Allowances		-	-
Subtotal		12,302,306	10,517,971
2. Other Charges	7	2,112,738	1,975,048
3. Central Items	3	7,527,596	7,860,751
4. Rent and Rates	4	-	-
TOTAL EXPENDITURE	8	21,942,640	20,353,770
C. SURPLUS FOR THE YEAR		670,239	527,367

The Annual Financial Report from pages 4 to 12 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

CHAIRMAN

DATE: 25 SEP 2024

SIGNATURE

NGO HEAD/HEAD OF SOCIAL WELFARE SERVICES

DATE: 25 SEP 2024

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant

a Basis of preparation

The Annual Financial Report (AFR) is prepared in respect of all Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. AFR is prepared **on cash basis**, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. **Non-cash items** such as depreciation, provisions and accruals **have not been included** in the AFR.

b Lump Sum Grant (excluding Provident Fund)

This represents Lump Sum Grant (excluding Provident Fund) received for the year.

c Provident Fund

This is Provident Fund received and contributed during the year.
Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000.
6.8% and other posts represent those staff that are employed after 1 April 2000.

The Provident Fund received and contributed for staff under the Central Items have been shown under **3**.

Details are analysed below:

Provident Fund Contribution	**Snapshot Staff** $	**6.8% and other posts** $	**Total** $
Subvention Received	-	758,713	758,713
Less: Provident Fund Contribution Paid during the Year	-	506,852	506,852
Surplus for the year	-	251,861	251,861
Add: Surplus b/f	-	1,414,542	1,414,542
Additional subvention received for previous year(s)	-	-	-
Less: Refund to Government	-	-	-
Surplus c/f	-	1,666,403	1,666,403

2. Fee Income

This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Manual.

3. Central Items

These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

		2023-24 $	2022-23 $
a	**Income**		
	Foster Care Allowance	8,464,248	8,306,520
	Day Foster Care Allowance	705,354	692,210
	Special Allowance for Staff of Subvented Residential Care Service Units in respect of COVID-19	-	-
	Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	-	-
	Total	9,169,602	8,998,730
b	**Expenditure**		
	Foster Care Allowance	6,948,550	7,256,078
	Day Foster Care Allowance	579,046	604,673
	Total	7,527,596	7,860,751

4. Rent and Rates

This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

5. Other Income

These include all programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and donations received have not been included as Other income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Others Income is as follows:

		2023-24 $	2022-23 $
(a)	Fees and charges for services incidental to the operation of subvented services	-	-
(b)	Others	-	-
	Total	-	-

6. Personal Emoluments

Personal Emoluments include salary, provident fund and salary-related allowances. The analysis on number of posts with annual Personal Employment over $700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	**No. of Posts**	**$**
HK$700,001 - HK$800,000 p.a.	nil	-
HK$800,001 - HK$900,000 p.a.	nil	-
HK$900,001 - HK$1,000,000 p.a.	nil	-
HK$1,000,001 - HK$1,100,000 p.a.	nil	-
HK$1,100,001 - HK$1,200,000 p.a.	nil	-
>HK$1,200,000 p.a.	nil	-

7. Other Charges

The breakdown of Other Charges is as follows:

	Other Charges	2023-24 $	2022-23 $
(a)	Utilities	358,935	417,985
(b)	Food	237,235	224,502
(c)	Administration Expenses	231,072	232,469
(d)	Stores and Equipment	9,720	9,360
(e)	Repair and Maintenance	189,178	193,067
(f)	Special Allowances	-	-
(g)	Programme Expenses	747,144	595,969
(h)	Transportation & Travelling	59,131	67,448
(i)	Insurance	280,323	234,248
(j)	Miscellaneous	-	-
	Total	2,112,738	1,975,048

8. Analysis of Lump Sum Grant Reserve and balances of other SWD Subventions

2023-2024 FIGURES

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG) $	Special Oneoff Grant (SOG) $	Rent and Rates $	Central Items $	**Total** **$**
Income					
Lump Sum Grant	13,443,277	-	-	-	13,443,277
Fee Income	-	-	-	-	-
Other Income	-	-	-	-	-
Interest Received (Note (1))	-	-	-	-	-
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	9,169,602	9,169,602
Total Income (a)	13,443,277	-	-	9,169,602	22,612,879
Expenditure					
Personal Emoluments	12,302,306	-	-	-	12,302,306
Other Charges	2,112,738	-	-	-	2,112,738
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	7,527,596	7,527,596
Total Expenditure (b)	14,415,044	-	-	7,527,596	21,942,640
Surplus/(Deficit) for the Year (a) – (b)	(971,767)	-	-	1,642,006	670,239
Less: Deficit absorbed by own resources	1,223,628	-	-	-	1,223,628
Less: Surplus of Provident Fund	(251,861)	-	-	-	(251,861)
	-	-	-	1,642,006	1,642,006
Surplus/(Deficit) b/f (Note (2))	-	-	-	1,237,979	1,237,979
	-	-	-	2,879,985	2,879,985
Less: Refund to Government	-	-	-	(1,137,979)	(1,137,979)
Surplus/(Deficit) c/f (Note(4))	-	-	-	1,742,006	1,742,006

Notes:

(1) Interest received on LSG and Provident Fund reserves, rent and rates, central items are included as one item under LSG; and the item is considered as part of LSG reserve.
(2) Accumulated balance LSG Surplus b/f from previous years (including holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
(3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule for Central Items.
(4) The level of LSG cumulative reserve (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund expenditure) for the year.

Annex 1

Schedule for Central Items
Analysis of Subvention and Expenditure for the period from 1 April 2023 to 31 March 2024

Name of Agency: **Mother's Choice Limited**

Unit Code and Name (Note 7)	Subvented element	Subvention Released (Note 1)	Annual Expenditure (Note 2)	Surplus/ (deficit) (Note 3) (a)	Deficit for the Year			Surplus b/f (Note 5) (e)	Refund (f)	Surplus c/f (Note 6) (g) = (a)+(d)+ (e)+(f)
					Deficit (Note 3) (b)	Deficit transferred to LGS (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)			
		$	$	$	$	$	$			
4004/4042/4252 - Foster Care Unit	Foster Care Allowance	8,464,248	6,948,550	1,515,698	-	-	-	-	-	-
3996 - Day Foster Care Service (Time Defined 31/12/2021)	Foster Care Allowance	705,354	579,046	126,308	-	-	-	-	-	-
	Foster Care Allowance Claw back & adjustment	-	-	-	-	N.A.	-	1,137,979	(1,137,979)	1,642,006
6038 - Training Subsidy under Training Scheme for Child Care Supervisors & Special Child Care Workers in Pre-school Rehabilitation Services	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-	-	-	N.A.	-	-	-	-
4703	Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	-	-	-	-	N.A.	-	100,000	-	100,000
TOTAL		9,169,602	7,527,596	1,642,006	-	-	-	1,237,979	(1,137,979)	1,742,006

Annex 1

Schedule for Central Items (continued)
Analysis of Subvention and Expenditure for the period from 1 April 2023 to 31 March 2024

Notes:

1. The figure for the whole financial year can be extracted from the final paylist for March (Final) of the financial year.
2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
3. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
4. Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (64) in SWD/S/104/2 Pt.14 dated 22 July 2015.
   (i) Dementia Supplement for Elderly with Disabilities
   (ii) Infirmary Care Supplement for the Aged Blind Persons
   (iii) Dementia Supplement for Residential Elderly Services
   (iv) Infirmary Care Supplement for Residential Elderly Services
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
7. Unit code and name / remittance advice no. are extracted from the paylist from SWD and remittance advice from the Treasury respectively.
8. The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.
9. For ASCP/Enhanced ASCP, the adjustment includes the amount of expenditure overstated/(understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any.
10. For NGOs with Visiting Medical Practitioner Service Team which arrange delivery of the service under the Programme to all private and self-financing RCHEs, RCHDs as well as contract homes operated by private operators only.

Annex 2

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the period from 1 April 2023 to 31 March 2024

Name of Agency: Mother's Choice Limited

Unit Code and Name	Subvented element	Subvention Released (Note 1)	Annual Expenditure (Note 3)	Surplus (Note 2)	Deficit (Note 2)
		$	$	$	$
4042-Foster Care Unit	Rent	-	-	-	-
	Rates	-	-	-	-
	Total	-	-	-	-
7702-Wee Care Home (Res.)	Rates	-	-	-	-
	Rates	-	-	-	-
	Total	-	-	-	-
	Grand Total	-	-	-	-

Notes:

1. The figures are to be extracted from the final paylist for March plus subvention released in late March of the financial year

2. Deficit/surplus for each element represents the difference between subvention released and actual expenditure.

3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee building maintenance fee and Government Rent.

Schedule for Investments
Analysis of Investments as at 31 March 2024

Agency: Mother's Choice Limited

	2023-2024 HK$	2022-2023 HK$
LSG Reserve as at 31 March	-	-
Represented by:		
Investments		
a. HKD Bank Account Balances	-	-
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds	-	-
	-	-

Note: The investments should be reported at historical cost.

Confirmed by:-

CHAIRMAN

DATE: 2 5 SEP 2024

NGO HEAD/HEAD OF SOCIAL WELFARE SERVICES

DATE: 2 5 SEP 2024