

**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

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**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**REPORT OF THE COUNCIL MEMBERS**

The Council members submits herewith their annual report together with the audited financial statements of The Duty Lawyer Service (the “Service”) for the year ended 31<sup>st</sup> March 2024.

**PRINCIPAL ACTIVITIES**

The principal activities of the Service during the year were operation of the Duty Lawyer Scheme, the Free Legal Advice Scheme, the Tel-Law Scheme, the Care or Protection Scheme and the Legal Assistance Scheme for Non-refoulement Claimants.

**COUNCIL MEMBERS**

The names of the persons who acted as council members of the Service during the year and up to the date of this report were:

Mr. Wong Hay Yiu <sup>(Note 1)</sup>	(Resigned on 24 <sup>th</sup> May, 2024)
Dr. Au Yeung Cheuk Lun, Henry	
Ms. Ho Tsz Ching, Jane <sup>(Note 1,2,4)</sup>	
Mr. Yeung Man Chung, Charles	
Mr. Kwok Sek Chi, David	
Mrs. Wong Ng Kit Wah, Cecilia <sup>(Note 1,2,4)</sup>	
Ms. Chan Bow Ye, Bonita	
Mr. Hung Wan Shun, Stephen <sup>(Note 1,4)</sup>	
Ms. Wong Pui Kei, Maggie <sup>(Note 1)</sup>	
Ms. Tsoi Wing Tak, Michelle <sup>(Note 1,2,3)</sup>	(Resigned on 4 <sup>th</sup> March, 2024)
Ms. Leung Po Lam, Pauline <sup>(Note 1,4)</sup>	
Ms. Pang Melissa Kaye <sup>(Note 1,2,3,4)</sup>	(Appointed on 4 <sup>th</sup> March, 2024)
Mr. Chan Wing Ho, Charles J <sup>(Note 1,4)</sup>	(Appointed on 24 <sup>th</sup> May, 2024)

In accordance with Article 36 of the Service’s Articles of Association, all existing council members continue in office.

Notes:

1. Council members who were in the panel of the Duty Lawyer Scheme for the year.
2. Council members who were in the panel of the Legal Assistance Scheme for Non-refoulement Claimants for the year.
3. Council members who were in the panel of the Free Legal Advice Scheme for the year.
4. Council members who were in the panel of the Care or Protection Scheme for the year.

**THE DUTY LAWYER SERVICE**  
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**REPORT OF THE COUNCIL MEMBERS**  
**(Continued)**

**MANAGEMENT CONTRACTS**

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

**BUSINESS REVIEW**

- (i) Fair review of the Service's business
- (1) During the financial year under review, the Duty Lawyer Service operated the following Schemes on a 100% Government subvention:
- (a) The Duty Lawyer Scheme represented 21,493 defendants charged with criminal offences in the Magistrates' Courts. The total expenditure was HK\$163,577,185.08.
  - (b) The Legal Assistance Scheme for Non-refoulement Claimants handled 1,826 claims. The total expenditure was HK\$74,093,520.84.
  - (c) The Free Legal Advice Scheme arranged volunteer lawyers at nine District Offices handling 7,269 cases. The total expenditure was HK\$1,911,746.36 (Honorarium of HK\$1,157,246.36 and allowance of HK\$500 (adjusted from \$300 to \$500 with effect from 1st April 2019) payable to Volunteer Lawyers in the total sum of HK\$754,500) for the Free Legal Advice Scheme. For reference, the total expenditure was HK\$4,341,444.66 (including personal emolument in the total sum of \$2,429,698.30).
  - (d) The Tel-Law Scheme recorded a total of 6,654 calls. The total expenditure was HK\$226,229.
- (2) In addition to the above four Schemes, other services provided by the Duty Lawyer Service during the financial year were:
- (a) The Duty Lawyer Scheme Website: recorded 293,633 visits.
  - (b) The Care or Protection Scheme represented 123 subjects. The total expenditure was HK\$5,309,114.54.
  - (c) Bail applications in the Court of First Instance of the High Court for Magistrates' Courts defendants pending trial and sentence. There were four bail applications represented by the The Duty Lawyer Service and \$24,880 legal fee was included in (i)(1)(a) above.
  - (d) The Tel-Law Scheme website: recorded 385,932 hits.
- (3) The overall financial position of the Service has continued to be healthy with a total expenditure of HK\$242,979,820.46 for all the combined Schemes and services. The total subvention provided by the HKSAR Government was HK\$244,102,826.57 and the other income of the Duty Lawyer Service was HK\$5,027,670.09.

**THE DUTY LAWYER SERVICE  
(LIMITED BY GUARANTEE)**

**REPORT OF THE COUNCIL MEMBERS**  
**(Continued)**

**BUSINESS REVIEW (CONT'D)**

- (ii) Description of the principal risks and uncertainties facing the Service
- (1) There are increasing risks of Solicitors advising clients to apply for Judicial Review against the Duty Lawyer Service's assignment policy.
- (a) In FY2013/14, there were five applications (HCAL 6, 7, 63, 78 & 83 of 2013) for leave to apply for Judicial Review arising from the Legal Assistance Scheme for Non-refoulement Claimants.
- (b) In FY2014/15, there were a total of two applications for leave to apply for Judicial Review arising one each from the Legal Assistance Scheme for Non-refoulement Claimants (HCAL 76 of 2013) and the Duty Lawyer Scheme (HCAL 79 of 2014). Application for leave to withdraw/discontinue by the applicant in HCAL76 of 2013 was granted by the Court while the Duty Lawyer Service consented to represent the Defendant in the Magistrates' Court in HCAL 79 of 2014 which therefore did not proceed to hearing.
- (c) All the five applications for leave for Judicial Review which were refused under paragraph (1)(a) were taken up again to the Court of Appeal and was heard in FY2015/16 which were refused confirming the Court of First Instance order for refusal.
- (d) In FY2016/17, FY2017/18 and FY2018/19, there was no application for leave to apply for Judicial Review arising from the Legal Assistance Scheme for Non-refoulement Claimants and the Duty Lawyer Scheme.
- (e) In FY2019/20, there was one application for leave to apply for Judicial Review in HCAL 2067/2018 with Duty Lawyer Service being the Putative 2<sup>nd</sup> Interested Party. The Judicial Review application was finally withdrawn after the scope of the Duty Lawyer Scheme was extended to cover contempt proceedings in the Labour Tribunal under s.42 of the Labour Tribunal Ordinance Cap.25 and in the Small Claim Tribunal under s.35A of the Small Claim Tribunal Ordinance Cap.338 with effect from 3<sup>rd</sup> December 2018 and also in the Competition Tribunal under s.144 of the Competition Ordinance Cap.619 with effect from 29<sup>th</sup> April 2019.
- (f) In FY2020/21, FY2021/22, FY2022/23 and FY2023/2024, there was no application for leave to apply for Judicial Review arising from the Legal Assistance Scheme for Non-refoulement Claimants and the Duty Lawyer Scheme.
- (2) Since 3<sup>rd</sup> March 2014, the Legal Assistance Scheme for Non-refoulement Claimants has included the Non-Refoulement Claims after the implementation of the Unified Screening Mechanism following the Judgments of the Court of Final Appeal in *Ubamaka Edward Wilson v Secretary for Security* and *C & Ors v Director of Immigration and Secretary for Security*.

**THE DUTY LAWYER SERVICE**  
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**REPORT OF THE COUNCIL MEMBERS**

**(Continued)**

**BUSINESS REVIEW (CONT'D)**

(ii) Description of the principal risks and uncertainties facing the Service (Cont'd)

- (3) The continuation of the running of the Legal Assistance Scheme for Non-refoulement Claimants is subject to the agreement and signing of a Memorandum of Administrative Arrangements (MAA) between the Chief Secretary for Administration's Office and the Duty Lawyer Service. On 17<sup>th</sup> May 2023 and 2<sup>nd</sup> November 2023, the Chief Secretary for Administration's Office had respectively notified the Service that the MAA would be further extended for six months until 31<sup>st</sup> December 2023 and 30<sup>th</sup> June 2024 by then it would be further reviewed. Due to an expected significant drop in daily referral to the Legal Assistance Scheme for Non-refoulement Claimants from 13 to 4 on 12<sup>th</sup> November 2018, the establishment of the Scheme was scaled down from a total of 72 staff members to 35 with effect from 1<sup>st</sup> April 2019 and it was further scaled down from a total of 35 to 30 and then 28 with effect from 1<sup>st</sup> July 2020 and 24<sup>th</sup> August 2020. As requested by the Chief Secretary for Administration's Office, the daily referral to the Legal Assistance Scheme for Non-refoulement Claimants was increased from 4 to 8 with effect from 16<sup>th</sup> February 2021, the establishment of the Scheme was expanded from a total of 28 staff members to 34. The daily referral was further increased from 8 to 11 with effect from 15<sup>th</sup> November 2021 with the total number of staff increased from 34 to 39 staff effect from 1<sup>st</sup> November 2021. The daily referral was decreased from 11 to 8 with effect from 1<sup>st</sup> July 2022 with the total number of staff members scaled down from 39 to 34. The daily referral was increased from 8 to 9 with effect from 16<sup>th</sup> October 2023 and was further increased from 9 to 11 with effect from 14<sup>th</sup> February 2024 and with the total number of staff members was expanded from 34 to 39 with effect from 1<sup>st</sup> February 2024.

(iii) Particulars of important events affecting the Service that have occurred during FY2023/24

- (1) With effect from 1<sup>st</sup> April 2014, the Duty Lawyer Scheme was further extended to provide legal representation in bail applications pending trial and sentence for Magistrates' Courts defendants in the Court of First Instance of the High Court. In FY2023/24, there were four bail applications represented by the The Duty Lawyer Service as mentioned in (i)(2)(c) above.
- (2) As a result of the Policy Address 2017, the legal aid portfolio was transferred from the Home Affairs Bureau to the Chief Secretary for Administration's Office effective from 1<sup>st</sup> July 2018.
- (3) At the invitation of the Duty Lawyer Service's Controlling Officer the Chief Secretary for Administration's Office, the Duty Lawyer Scheme has been expanded with effect from 3<sup>rd</sup> December 2018 to cover contempt proceedings in the Labour Tribunal (s.42 of the Labour Tribunal Ordinance Cap.25) and the Small Claims Tribunal (s.35A of the Small Claims Tribunal Ordinance Cap.338) and has been further expanded with effect from 29<sup>th</sup> April 2019 to cover contempt proceedings in the Competition Tribunal (s.144 of the Competition Ordinance Cap.619). Up to the year ended 31<sup>st</sup> March 2024, no representation has been provided by the Duty Lawyer Service in the aforesaid tribunals.

**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**REPORT OF THE COUNCIL MEMBERS**  
**(Continued)**

**BUSINESS REVIEW (CONT'D)**

(iv) Indication of likely future development in the Service's business

- (1) The Duty Lawyer Service endeavours to provide improved services to its stakeholders.
- (2) Ongoing efforts have continued to be made to reduce the caseload of the duty lawyers with greater accessibility for defendants to meet their lawyers. There has been ongoing improvement to upgrade the quality of legal representation in the Magistrates' Courts. Within the resources available, these measures include the following:
  - (a) Duty lawyers are paid pre-trial preparation fee for conferences held for better trial preparation;
  - (b) The same duty lawyer conducting trial as far as practical to be retained to deal with all outstanding matters after trial;
  - (c) The Duty Lawyer Scheme will continue to review the "Standard List of Offences" which covers 346 offences with an aim to cover more offences that would attract imprisonment terms. During the financial year, there were a total of 1,298 duty lawyers participating (receiving legal costs) in the Duty Lawyer Scheme, 807 lawyers participating (entitled volunteer lawyer allowance) in the Free Legal Advice Scheme, 114 lawyers participating (receiving legal costs) in the Care or Protection Scheme and 626 lawyers participating (receiving legal costs) in the Legal Assistance Scheme for Non-refoulement Claimants.
  - (d) To tackle the issue of long waiting time under the Free Legal Advice Scheme, various administrative measures were implemented under the Free Legal Advice Scheme with effect from 9<sup>th</sup> October 2018. As a result, the overall average waiting time across all advice centers for FY2023/2024 was 21.30 days (representing a decrease of 8.59%) when compared to the overall average waiting time of 23.30 days for FY2022/2023.

**THE DUTY LAWYER SERVICE**  
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**REPORT OF THE COUNCIL MEMBERS**  
**(Continued)**

**PERMITTED INDEMNITY PROVISION**

The council members of the Service are entitled to be indemnified against all costs, charges, losses, expenses and liabilities incurred by them in the execution and/or discharge of their duties. The Service has taken out comprehensive Directors' and Officers' liability insurance and professional indemnity insurance for such purposes.

**AUDITORS**

Messrs. Paul W.C. Ho & Company, Certified Public Accountants (Practising), are the Service's retiring auditors who, being eligible, offer themselves for re-appointment.

For and on behalf of the Council

Wong Pui Kei, Maggie  
Chairman

Hong Kong  
20<sup>th</sup> June, 2024

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCIL MEMBERS OF THE DUTY LAWYER SERVICE  
(incorporated in Hong Kong with liability limited by guarantee)**

Opinion

We have audited the financial statements of The Duty Lawyer Service ("the Service") set out on pages 10 to 31, which comprise the statement of financial position as at 31<sup>st</sup> March, 2024, and the statement of income and expenditure and other comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Service as at 31<sup>st</sup> March, 2024 and of its financial performance and 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Service 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 council members are responsible for the other information. The other information comprises the information included in the Report of the Council, but does not include the financial statements and our auditor's report thereon.

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

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

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



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE COUNCIL MEMBERS OF THE DUTY LAWYER SERVICE**  
**(incorporated in Hong Kong with liability limited by guarantee)**  
**(Continued)**

Council Members' responsibility for the financial statements

The council members are responsible for the preparation of 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 council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the council members are responsible for assessing the Service'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 council members either intend to liquidate the Service or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Service's financial reporting process.

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 (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the 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 judgment and maintain professional skepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE COUNCIL MEMBERS OF THE DUTY LAWYER SERVICE**  
**(incorporated in Hong Kong with liability limited by guarantee)**  
**(Continued)**

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

- 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 Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.
- Conclude on the appropriateness of the council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service'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 Service 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Paul W. C. Ho & Company  
Certified Public Accountants (Practising)

Hong Kong  
20<sup>th</sup> June, 2024

**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> MARCH, 2024**

	<u>NOTES</u>	<u>2024</u> HK\$	<u>2023</u> HK\$
NON-CURRENT ASSET			
Right-of-use-assets	3(i) / 12	938,904	3,153,705
CURRENT ASSETS			
Accounts receivable			
- Care or Protection Proceedings Scheme	10 / 15(a)	495,685	505,534
- Legal Assistance Scheme for Non-refoulement Claimants	10 / 16(a)	14,617,553	11,360,430
Deposits and prepayments	10	2,232,293	2,248,539
Fixed deposits with banks	17	38,923,000	48,000,000
Other bank balances and cash	17	7,906,232	5,805,902
		<u>64,174,763</u>	<u>67,920,405</u>
DEDUCT: CURRENT LIABILITIES			
Legal fee payable	11	6,206,900	7,026,939
Legal fee payable and accruals			
- Care or Protection Proceedings Scheme	11 / 15(a)	99,520	122,060
- Legal Assistance Scheme for Non-refoulement Claimants	11 / 16(a)	3,133,668	3,830,059
Accounts payable and accruals	11	2,225,053	2,202,396
Accrued liabilities for untaken leave of employees	19	22,264,079	22,276,892
Lease liabilities	3(i) / 14	973,115	3,234,317
		<u>34,902,335</u>	<u>38,692,663</u>
NET CURRENT ASSETS		<u>29,272,428</u>	<u>29,227,742</u>
TOTAL NET ASSETS		<u>30,211,332</u>	<u>32,381,447</u>
REPRESENTED BY:-			
RESERVES	13	<u>30,211,332</u>	<u>32,381,447</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Council members and administrator on 20<sup>th</sup> June, 2024.

Yeung Man Chung, Charles  
Council Member

Chan Bow Ye, Bonita  
Council Member

Grace S. Wong  
Administrator

**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**STATEMENT OF INCOME AND EXPENDITURE**  
**AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

	<u>NOTES</u>	<u>2024</u> HK\$	<u>2023</u> HK\$
OPERATING INCOME	6	166,894,491	162,255,386
OTHER INCOME		<u>2,833,370</u>	<u>1,511,228</u>
TOTAL INCOME		169,727,861	163,766,614
LEGAL COSTS		(84,502,680)	(82,026,750)
ADMINISTRATIVE EXPENSES		<u>(79,028,104)</u>	<u>(74,458,511)</u>
SURPLUS FOR THE YEAR	7	6,197,077	7,281,353
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>--</u>	<u>--</u>
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR		<u>6,197,077</u>	<u>7,281,353</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**STATEMENT OF CHANGES IN RESERVES**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

	<u>Capital reserve</u> HK\$	<u>Revenue reserve</u> HK\$	<u>Government reserve</u> HK\$	<u>Total</u> HK\$
At 1/4/2022	3,226,117	21,873,977	15,862,036	40,962,130
Excess surplus transferred to Government reserve	--	(1,085,839)	1,085,839	--
Surplus for the year	--	--	7,281,353	7,281,353
Amount transferred to recurrent subvention	--	--	(15,862,036)	(15,862,036)
At 31/3/2023 and 1/4/2023	3,226,117	20,788,138	8,367,192	32,381,447
Excess surplus transferred to Government reserve	--	690,773	(690,773)	--
Surplus for the year	--	--	6,197,077	6,197,077
Amount transferred to recurrent subvention	--	--	(8,367,192)	(8,367,192)
At 31/3/2024	3,226,117	21,478,911	5,506,304	30,211,332

The notes on pages 14 to 31 form an integral part of these financial statements.

**THE DUTY LAWYER SERVICE  
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**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

	<u>2024</u> HK\$	<u>2023</u> HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	6,197,077	7,281,353
Adjustments for:		
Amount transferred to recurrent subvention from Government reserve	(8,367,192)	(15,862,036)
Interest income	(2,815,342)	(1,493,163)
Depreciation of right-of-use assets	2,764,555	2,733,211
Interest on lease liabilities	46,339	154,015
	<hr/>	<hr/>
<b>OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL</b>	(2,174,563)	(7,186,620)
(Increase)/decrease in accounts receivable	(3,247,274)	675,110
Decrease in deposits and prepayments	16,246	2,540,414
(Decrease)/increase in legal fee payable, accounts payable and accruals	(1,516,313)	5,329,417
(Decrease)/increase in accrued liabilities for untaken leave of employees	(12,813)	269,809
	<hr/>	<hr/>
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	(6,934,717)	1,628,130
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Interest received	2,815,342	1,493,163
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM INVESTING ACTIVITY</b>	2,815,342	1,493,163
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease payment – Capital elements	(2,810,956)	(2,668,259)
Lease payment – Interest elements	(46,339)	(154,015)
	<hr/>	<hr/>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	(2,857,295)	(2,822,274)
	<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(6,976,670)	299,019
<b>CASH AND CASH EQUIVALENTS AT 1<sup>ST</sup> APRIL (Note 17)</b>	53,805,902	53,506,883
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 31<sup>ST</sup> MARCH (Note 17)</b>	46,829,232	53,805,902
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The notes on pages 14 to 31 form an integral part of these financial statements.

**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

**1. GENERAL INFORMATION**

The Law Society Legal Advice and Duty Lawyer Schemes were incorporated in Hong Kong under the predecessor Hong Kong Companies Ordinance (Cap. 32) as The Duty Lawyer Service (the “Service”) on 17<sup>th</sup> August, 1993 as a company limited by guarantee and with no share capital. The registered office of the Service is located at Suites 808-809, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The principal activities of the Service during the year were operation of the Duty Lawyer Scheme, the Free Legal Advice Scheme, the Tel-Law Scheme, the Care or Protection Scheme and the Legal Assistance Scheme for Non-refoulement Claimants.

The Service is fully subvented by the Hong Kong Special Administrative Region Government (“the Government”) and is independently managed and administered jointly by the Hong Kong Bar Association and the Law Society of Hong Kong through the Council of the Service.

**2. STATEMENT OF COMPLIANCE WITH  
HONG KONG FINANCIAL REPORTING STANDARDS**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and requirements of the Hong Kong Companies Ordinance. A summary of the material accounting policies adopted by the Service is set out in Note 3.

In 2024, the Service has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1<sup>st</sup> April, 2023. A summary of the changes in accounting policies resulting from the Service’s application of these HKFRSs is set out in Note 4.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

These financial statements have been prepared in conformity with the principles applicable to a going concern as the Service is an organisation fully subvented by the Government.

The measurement basis used in preparing the financial statements is historical cost.

**THE DUTY LAWYER SERVICE**  
**(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)**

**(b) ACCOUNTS RECEIVABLE, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

An account receivable is recognised when the Service has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Service has unconditional right to receive consideration, the amount is presented as a contract asset.

Account receivables are stated at amortised cost using the effective interest method and including an allowance for credit losses as determined below:

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 account receivables. The loss allowance is estimated using a provision matrix based on the Service’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 surplus or deficit. The Service recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of the account receivables through a loss allowance account.

Other receivables, deposits and prepayments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses, if any. At the end of each reporting period, the Service assesses whether there is any objective evidence that a receivable or group of receivables is impaired. The objective evidence includes observable data that the Service will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the statement of income and expenditure and other comprehensive income.

**(c) ACCOUNTS PAYABLE, LEGAL FEE PAYABLE AND ACCRUALS**

Accounts payable, legal fee payable and accruals are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting is immaterial, in which case they are stated at cost.



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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)**

**(d) PROVISIONS AND CONTINGENT LIABILITIES**

Provisions are recognised for liabilities of uncertain timing or amount when the Service has a present 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 of the amount of obligation can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are stated at the present value of the expenditures expected to be required 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.

**(e) REVENUE AND OTHER INCOME RECOGNITION**

After the adoption of HKFRS 15, the Service recognises revenue from contracts with customers when (or as) the Service satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Service recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with HKFRS 15) that is allocated to that performance obligation. Further details of the Service's revenue and other income recognition policies are as follows:

- (i) Subvention income is recognised when the approval has been given by the Government and there is reasonable assurance that the subvention income will be received.
- (ii) Handling fee income arising from handling defendant cases are accounted for when the services are rendered.
- (iii) Interest income is recognised as it accrues using the effective interest method.

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)**

**(f) RELATED PARTIES**

- (i) A person, or a close member of that person's family, is related to the Service if that person:
  - (a) has control or joint control over the Service;
  - (b) has significant influence over the Service; or
  - (c) is a member of the key management personnel of the Service.
- (ii) An entity is related to the Service if any of the following conditions applies:
  - (a) The entity is a post-employment benefit plan for the benefit of employees of either the Service or an entity related to the Service.
  - (b) The entity is controlled or jointly controlled by a person identified in Note (3)(f)(i).
  - (c) A person identified in Note (3)(f)(i)(a) 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).
  - (d) The entity, or any member of a group of which it is a part, provides key management personnel services to the Service.

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.

**(g) EMPLOYEE BENEFITS**

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

**(h) CASH AND CASH EQUIVALENTS**

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Service's cash management are included as a component of cash and cash equivalents.

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)**

**(i) LEASES**

When the Service acts as a lessee, the Service assesses at inception of a contract 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.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Service elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

At the commencement date, the Service recognises a right-of-use asset and a lease liability for the rights and obligations created by all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases for which the underlying asset is of low value. The Service recognise the lease payments associated with those short-term leases and leases for which the underlying asset is of low value as an expense on a straight-line basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the asset as follows:

Property	2 years
Copier equipment	2 – 5 years

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)**

**(i) LEASES (CONT'D)**

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Service's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Service will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the Service acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

**4. CHANGES IN ACCOUNTING POLICIES**

**(i) New and amended HKFRSs**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Service.

None of the developments have had a material effect on how the Service's results and financial position for the current or prior periods have been prepared or presented. The Service has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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**4. CHANGES IN ACCOUNTING POLICIES (CONT'D)**

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

In June 2022, the Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1<sup>st</sup> May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. The impact of the change is not reasonably estimable at the time this financial report is authorised for issue, as the Service have yet to fully complete its assessment of the impact of the HKICPA guidance. The Service expect to adopt this guidance with retrospective application in its financial statements for the year ended 31<sup>st</sup> March, 2025.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Service makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**6. OPERATING INCOME**

	<u>2024</u> HK\$	<u>2023</u> HK\$
Operating income represents recurrent subvention from the Government and handling fee income and is analysed as follows:		
Recurrent subvention	164,700,191	160,095,036
Handling fee income	<u>2,194,300</u>	<u>2,160,350</u>
	<u>166,894,491</u>	<u>162,255,386</u>

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**7. SURPLUS FOR THE YEAR**

	<u>2024</u> HK\$	<u>2023</u> HK\$
Surplus for the year is arrived at after charging/(crediting):		
Staff costs:-		
Contributions to defined contribution retirement plans	10,748,457	10,131,802
Less: Amount reimbursed by Legal Assistance Scheme for Non-refoulement Claimants (Note 16)	(2,910,129)	(2,738,305)
Amount reimbursed by C or P Scheme (Note 15)	<u>(540,594)</u>	<u>(515,425)</u>
Amount charged to statement of income and expenditure and other comprehensive income	<u>7,297,734</u>	<u>6,878,072</u>
Salaries, allowances and other employee benefits	87,828,128	83,366,219
Less: Amount reimbursed by Legal Assistance Scheme for Non-refoulement Claimants (Note 16)	(23,406,556)	(22,532,917)
Amount reimbursed by C or P Scheme (Note 15)	<u>(3,603,900)</u>	<u>(3,485,213)</u>
Amount charged to statement of income and expenditure and other comprehensive income	<u>60,817,672</u>	<u>57,348,089</u>
Net (decrease)/increase in accrued liabilities for untaken leave of employee	<u>(12,813)</u>	<u>269,809</u>
Other items:-		
Minimum lease payments on properties under operating leases	2,076,348	2,156,312
Less: Amount reimbursed by Legal Assistance Scheme for Non-refoulement Claimants (Note 16)	<u>(2,076,348)</u>	<u>(2,156,312)</u>
Amount charged to statement of income and expenditure and other comprehensive income	<u>--</u>	<u>--</u>
Auditors' remuneration		
- audit service	80,000	80,000
- other service	<u>8,500</u>	<u>8,500</u>
	<u>88,500</u>	<u>88,500</u>
Depreciation of right-of-use assets	2,764,555	2,733,211
Interest on lease liabilities	46,339	154,015
Interest income	<u>(2,815,342)</u>	<u>(1,493,163)</u>

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**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

**8. DISCLOSURE OF BENEFITS AND INTEREST OF COUNCIL MEMBERS**  
**PURSUANT TO THE HONG KONG COMPANIES ORDINANCE**

(A) Council members' emoluments

Remuneration of the council members of the Service disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

	<u>2024</u> HK\$	<u>2023</u> HK\$
Fees and other emoluments	--	--

(B) Material interests of council members in transactions, arrangements or contracts

There were no transactions, arrangements or contracts of significance entered into or subsisted during the year to which the Service was a party and in which a council member of the Service had, directly or indirectly, a material interest.

**9. TAXATION**

The Service has been granted tax exemption under Section 88 of the Hong Kong Inland Revenue Ordinance. Accordingly, no provision for Hong Kong profits tax is required to be made.

**10. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

Accounts receivable, other receivables, deposits and prepayments are expected to be recovered within one year and as the discounting effect will be immaterial, their carrying amounts are reasonable approximations of their fair values.

**11. ACCOUNTS PAYABLE, LEGAL FEE PAYABLE AND ACCRUALS**

Accounts payable, legal fee payable and accruals are due to be settled within one year and as the discounting effect will be immaterial, their carrying amounts are reasonable approximations of their fair values.

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**12. RIGHT-OF-USE ASSETS**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Service recognises right-of-use assets and lease liabilities (Note 14) at the lease commencement date.

For an asset leased by the Service, the right-of-use assets are initially measured at cost (which comprises the initial measurement of lease liabilities, initial direct costs, reinstatement costs, any payments made at or before the commencement date less any lease incentives received), and subsequently at cost less any accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Service has applied judgement to determine the lease term of some lease contracts which includes renewal options. The assessment of whether the Service is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Payments associated with short-term leases (ie, leases with a lease term of 12 months or less) and low value leases are recognised on a straight-line basis as an expense in the income statement.

The movements of right-of-use assets were as follows:

	Property (Note a) HK\$	Copier equipment (Note b) HK\$	Total HK\$
As at 1 <sup>st</sup> April, 2022	480,564	--	480,564
Addition during the year	5,406,352	--	5,406,352
Depreciation charge for the year	(2,733,211)	--	(2,733,211)
As at 31 <sup>st</sup> March, 2023 and 1 <sup>st</sup> April, 2023	3,153,705	--	3,153,705
Addition during the year	--	549,754	549,754
Depreciation charge for the year	(2,703,175)	(61,380)	(2,764,555)
As at 31 <sup>st</sup> March, 2024	450,530	488,374	938,904

Notes:

- (a) The Service leases a property through lease contract. The lease term ranges from two years with no extension or termination options and all the lease payments are fixed.
- (b) The Service leases copier equipments through lease contracts. The lease term ranges from two to five years with no extension or termination options and all the lease payments are fixed.



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13. **RESERVES**

	Capital reserve (Note a) HK\$	Revenue reserve (Note b) HK\$	Government reserve (Note c) HK\$	Total HK\$
At 1/4/2022	3,226,117	21,873,977	15,862,036	40,962,130
Excess surplus transferred to Government reserve	--	(1,085,839)	1,085,839	--
Surplus for the year	--	--	7,281,353	7,281,353
Amount transferred to recurrent subvention	--	--	(15,862,036)	(15,862,036)
At 31/3/2023 and 1/4/2023	3,226,117	20,788,138	8,367,192	32,381,447
Excess surplus transferred to Government reserve	--	690,773	(690,773)	--
Surplus for the year	--	--	6,197,077	6,197,077
Amount transferred to recurrent subvention	--	--	(8,367,192)	(8,367,192)
At 31/3/2024	<u>3,226,117</u>	<u>21,478,911</u>	<u>5,506,304</u>	<u>30,211,332</u>

Notes:

- (a) The Capital reserve represents the fair value of the net assets of The Law Society Legal Advice and Duty Lawyer Schemes which were transferred to the Service on the date of its incorporation for no consideration.
- (b) The Revenue reserve represents the accumulated surplus or deficit generated by the Service. The accumulated surplus is restricted to a maximum amount that can be carried by the Service in accordance with the terms of the Memorandum of Administrative Arrangements issued by the Government from time to time.
- (c) The Government reserve represents the excess surplus transferred from Revenue reserve and will be transferred to the subvention account as instructed by the Government.

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**14. LEASE LIABILITIES**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Service recognises right-of-use assets (Note 12) and lease liabilities at the lease commencement date.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Generally, the lessee uses its incremental borrowing rate as the discount rate. The lease liabilities subsequently increase by the interest cost on the lease liabilities and are reduced by lease payments made. Each lease payment is allocated between the principal and interest expense.

	<u>2024</u> HK\$	<u>2023</u> HK\$
Total lease liabilities	<u>973,115</u>	<u>3,234,317</u>
Analysed as:		
Current portion	608,214	2,769,107
Non-current portion	<u>364,901</u>	<u>465,210</u>
	<u>973,115</u>	<u>3,234,317</u>

Some lease contracts include an option to renew for an additional period after the end of the initial contract term. Where practicable, the Service seeks to include in all leases such extension options exercisable by the Service to provide operational flexibility. The Service assesses at the lease commencement date the likelihood of exercising the extension options, and only include those reasonably certain to be exercised in the measurement of lease liabilities.

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**15. LEGAL REPRESENTATION SCHEME FOR CHILDREN/  
JUVENILES IN CARE OR PROTECTION PROCEEDINGS**

- (a) The balances represent the receivable and payable on behalf of the Legal Representation Scheme for Children/Juveniles in Care or Protection Proceedings (“C or P Scheme”).
- (b) The Service received subvention from the Labour and Welfare Bureau of the Government and paid the related expenses on their behalf for the running of the C or P Scheme. The relevant subvention and expenditures for the year are as follows:

	<u>2024</u> HK\$	<u>2023</u> HK\$
Subvention – C or P Scheme	5,309,115	5,112,671
Capital expenditure	--	--
Personal emoluments	(4,144,494)	(4,000,638)
Legal costs and operating cost	<u>(1,164,621)</u>	<u>(1,112,033)</u>
	<u>          --          </u>	<u>          --          </u>

- (c) Apart from the above, the Labour and Welfare Bureau also paid an amount of HK\$309,887 (2023: HK\$398,151) to the Chief Secretary for Administration’s Office for their share of the common costs in operation of the C or P Scheme and the Service’s schemes subvented by the Chief Secretary for Administration’s Office.

**16. LEGAL ASSISTANCE SCHEME FOR NON-REFOULEMENT CLAIMANTS**

- (a) The balances represent the receivable and payable on behalf of the Legal Assistance Scheme for Non-refoulement Claimants.
- (b) The Service received subvention from the Chief Secretary for Administration’s Office of the Government and paid the related expenses on their behalf for the running of the Legal Assistance Scheme for Non-refoulement Claimants. The relevant subvention and expenditures for the year are as follows:

	<u>2024</u> HK\$	<u>2023</u> HK\$
Subvention		
–Legal Assistance Scheme for Non-refoulement Claimants	74,093,521	69,605,571
Personal emoluments	(26,316,685)	(25,271,222)
Legal costs and operating cost	<u>(47,776,836)</u>	<u>(44,334,349)</u>
	<u>          --          </u>	<u>          --          </u>

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**17. CASH AND CASH EQUIVALENTS**

	<u>2024</u> HK\$	<u>2023</u> HK\$
Fixed deposit with bank maturing within three months when placed	38,923,000	48,000,000
Other bank balances and cash	<u>7,906,232</u>	<u>5,805,902</u>
	<u>46,829,232</u>	<u>53,805,902</u>

**18. FINANCIAL INSTRUMENTS**

Exposure to currency, credit, liquidity and interest rate risks arises in the normal course of the Service's business. These risks are limited by the Service's financial management policies and practices described below:

(i) Foreign currency risk

The Service has no foreign currency risk as the Service has no significant foreign currency assets and liabilities at the end of the reporting period.

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Service. The Service's credit risk is primarily attributable to its accounts receivable and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparty is an authorised financial institution listed in the Hong Kong Stock Exchange and regulated under the Hong Kong Banking Ordinance.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Service does not provide any guarantees which would expose the Service to credit risk. The Service has no significant concentration of credit risk.

In respect of accounts receivable were neither past due nor impaired for whom there was no recent history of default by the Government of the Hong Kong Special Administrative Region of the People's Republic of China. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has been no significant change in credit quality and the balances are still considered fully recoverable.

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18. **FINANCIAL INSTRUMENTS (CONT'D)**

(iii) Liquidity risk

The table below summarises the maturity profile of the Service's financial liabilities at the end of each reporting period based on contractual undiscounted payments.

<u>2024</u>	Within <u>1 year</u> HK\$	2 <sup>nd</sup> to 5 <sup>th</sup> <u>years</u> HK\$	<u>Total</u> HK\$
Legal fee payable	6,206,900	--	6,206,900
Legal fee payable and accruals			
- Care or Protection Proceedings Scheme	99,520	--	99,520
- Legal Assistance Scheme for Non-refoulement Claimants	3,133,668	--	3,133,668
Accounts payable and accruals	2,225,053	--	2,225,053
Accrued liabilities for untaken leave of employees	22,264,079	--	22,264,079
Lease liabilities	608,214	364,901	973,115
	<u>34,537,434</u>	<u>364,901</u>	<u>34,902,335</u>
 <u>2023</u>	 Within <u>1 year</u> HK\$	 2 <sup>nd</sup> to 5 <sup>th</sup> <u>years</u> HK\$	 <u>Total</u> HK\$
Legal fee payable	7,026,939	--	7,026,939
Legal fee payable and accruals			
- Care or Protection Proceedings Scheme	122,060	--	122,060
- Legal Assistance Scheme for Non-refoulement Claimants	3,830,059	--	3,830,059
Accounts payable and accruals	2,202,396	--	2,202,396
Accrued liabilities for untaken leave of employees	22,276,892	--	22,276,892
Lease liabilities	2,769,107	465,210	3,234,317
	<u>38,227,453</u>	<u>465,210</u>	<u>38,692,663</u>

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**18. FINANCIAL INSTRUMENTS (CONT'D)**

(iv) Interest rate risk

The Service's exposure to interest rate risk relates primarily to the Service's cash holdings. The Service manages its interest rate exposure on certain cash holdings through placing them into fixed rate savings accounts.

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Service's surplus (through the impact on cash in banks which earns interest at floating rates).

	Increase/ (decrease) in basis <u>point</u>	Increase/ (decrease) <u>in surplus</u> HK\$	Increase/ (decrease) <u>in reserves</u> HK\$
<u>2024</u> HKD	100/(100)	389,230/(389,230)	389,230/(389,230)
	Increase/ (decrease) in basis <u>point</u>	Increase/ (decrease) <u>in surplus</u> HK\$	Increase/ (decrease) <u>in reserves</u> HK\$
<u>2023</u> HKD	100/(100)	480,000/(480,000)	480,000/(480,000)

**19. ACCRUED LIABILITIES FOR UNTAKEN LEAVE OF EMPLOYEES**

	<u>2024</u> HK\$	<u>2023</u> HK\$
Accrued liabilities for untaken leave of employees	<u>22,264,079</u>	<u>22,276,892</u>

The accrued liabilities for untaken leave of employees is calculated with reference to the accumulated untaken leave entitled by the employees and based on the applicable salary and allowances and the amount of contributions payable to the defined contribution retirement plan.

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**20. RESERVES MANAGEMENT**

The Duty Lawyer Service is an organisation fully subvented by the Government. The Service is a company with liability limited by guarantee and its capital structure comprises of all the reserves as detailed in Note (13) above.

The Service's primary objectives when managing reserves are to safeguard the Service's ability to continue as a going concern, so that it can continue to maintain the government subvented operations of the legal assistance schemes. The Governing Council of the Service meets regularly to oversee and direct the Service's operations generally, formulate and review existing policy so as to ensure that the Service effectively and efficiently operates these schemes.

As in prior years, the Service maintains the amount of reserves according to their designated purposes, which comprises of all capital reserve, revenue reserve and government reserve. According to the Memorandum of Administrative Arrangements between the Government and the Duty Lawyer Service, the total cumulative reserve carried by the Service shall not exceed fifteen percent (15%) of the approved annual recurrent subvention in that year. If at the end of a financial year the level of reserve exceeds the approved level, the excess amount will be, at the direction of the Government, netted off against the following year's subvention.

The reserves of the Service at 31<sup>st</sup> March, 2024 amounted to HK\$30,211,332 (2023: HK\$32,381,447). Movements of the reserves of the Service are detailed in Note (13) above.

**21. SUMMARY ON OPERATING INCOME, SUBVENTION AND REIMBURSEMENT**

	<u>NOTES</u>	<u>2024</u> HK\$	<u>2023</u> HK\$
Recurrent subvention	6	164,700,191	160,095,036
Handling fee income	6	2,194,300	2,160,350
Other income		2,833,370	1,511,228
Subvention – C or P Scheme	15	5,309,115	5,112,671
Subvention – Legal Assistance Scheme for Non-refoulement Claimants	16	<u>74,093,521</u>	<u>69,605,571</u>
		<u>249,130,497</u>	<u>238,484,856</u>

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**22. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31<sup>st</sup> March, 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Service:

	<u>Effective for accounting periods beginning on or after</u>
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i> (“2020 amendments”)	1 <sup>st</sup> January, 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i> (“2022 amendments”)	1 <sup>st</sup> January, 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 <sup>st</sup> January, 2024
Amendments to HKAS 7, <i>Statement of cash flows</i> and HKFRS 7, <i>Financial Instruments: Disclosures : Supplier finance arrangements</i>	1 <sup>st</sup> January, 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 <sup>st</sup> January, 2025

The Service has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Service’s financial statements in the year of initial application. The Service will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.