

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

ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH, 2025

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THE DUTY LAWYER SERVICE
(LIMITED BY GUARANTEE)

REPORT OF THE COUNCIL MEMBERS

The Council members submit herewith their annual report together with the audited financial statements of The Duty Lawyer Service (the “Service”) for the year ended 31st March 2025.

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 ^(Note 1)	(Resigned on 24 th May, 2024)
Dr. Au Yeung Cheuk Lun, Henry	
Ms. Ho Tsz Ching, Jane ^(Note 1,2,4)	(Resigned on 2 nd July, 2024)
Mr. Yeung Man Chung, Charles	
Mr. Kwok Sek Chi, David	
Mrs. Wong Ng Kit Wah, Cecilia ^(Note 1,2,4)	
Ms. Chan Bow Ye, Bonita	
Mr. Hung Wan Shun, Stephen ^(Note 1,4)	
Ms. Wong Pui Kei, Maggie ^(Note 1)	
Ms. Leung Po Lam, Pauline ^(Note 1,4)	
Ms. Pang Melissa Kaye ^(Note 1,2,3,4)	
Mr. Chan Wing Ho, Charles J	(Appointed on 24 th May, 2024)
Ms. Tai Chiu Ki, Kennis ^(Note 1,4)	(Appointed on 2 nd July, 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.

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.

THE DUTY LAWYER SERVICE
(LIMITED BY GUARANTEE)

REPORT OF THE COUNCIL MEMBERS
(Continued)

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 22,606 defendants charged with criminal offences in the Magistrates' Courts. The total expenditure was HK\$168,103,114.52.
 - (b) The Legal Assistance Scheme for Non-refoulement Claimants handled 2,728 claims (including four referred back cases from Torture Claims Appeal Board (TCAB) in March 2025 which were previously handled by Pilot Scheme Office (PSO)). The total expenditure was HK\$102,435,899.77.
 - (c) The Free Legal Advice Scheme arranged volunteer lawyers at nine District Offices handling 7,056 cases. The total expenditure was HK\$1,891,905.54 (Honorarium of HK\$1,156,905.54 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\$735,000) for the Free Legal Advice Scheme. For reference, the total sum of expenditure was HK\$4,481,163.04 (including personal emolument of HK\$2,589,257.50).
 - (d) The Tel-Law Scheme recorded a total of 6,239 calls. The total expenditure was HK\$94,559.
- (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 296,359 visits.
 - (b) The Care or Protection Scheme represented 100 subjects. The total expenditure was HK\$5,331,711.30.
 - (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 424,078 hits.
- (3) The overall financial position of the Service has continued to be healthy with a total expenditure of HK\$275,870,725.59 for all the combined Schemes and services. The total subvention provided by the HKSAR Government was HK\$274,527,914.72 and the other income of the Duty Lawyer Service was HK\$4,490,402.34.

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

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

BUSINESS REVIEW (CONT'D)

(ii) Description of uncertainties facing the Service

- (1) Since 3rd 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*.
- (2) 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 2nd November 2023 and 12th March 2024, the Chief Secretary for Administration's Office (CSO) had respectively notified the Service that the MAA would be further extended for six months until 30th June 2024 and 31st December 2024. On 14th October 2024, the CSO notified the Service that the MAA would be extended for 12 months until 31st December 2025 by then it would be further reviewed.
- (3) On 14th October 2024, the Security Bureau (SB) requested DLS to assist in handling two more additional daily referrals with effect from January 2025 onwards due the winding down of the Pilot Scheme and the Pilot Scheme Office (PSO) by 31st March 2025. The daily referral was increased from 11 to 12 with effect from 20th January 2025 and from 12 to 13 with effect from 10th February 2025 with the total number of staff members was expanded from 39 to 53 with effect from January 2025.

(iii) Particulars of important events affecting the Service that have occurred during FY2024/25

- (1) With effect from 1st 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 FY2024/25, there were four bail applications represented by the The Duty Lawyer Service as mentioned in (i)(2)(c) above.
- (2) 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 3rd 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 29th April 2019 to cover contempt proceedings in the Competition Tribunal (s.144 of the Competition Ordinance Cap.619). Up to the year ended 31st March 2025, no representation has been provided by the Duty Lawyer Service in the aforesaid tribunals.

**THE DUTY LAWYER SERVICE
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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 348 offences with an aim to cover more offences that would attract imprisonment terms. During the financial year, there were a total of 1,293 duty lawyers participating (receiving legal costs) in the Duty Lawyer Scheme, 813 lawyers participating (entitled volunteer lawyer allowance) in the Free Legal Advice Scheme, 117 lawyers participating (receiving legal costs) in the Care or Protection Scheme and 631 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 9th October 2018. The overall average waiting time across all advice centers for FY2024/2025 was 21.30 days which was the same as in FY2023/2024.

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

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 Ng Kit Wah, Cecilia
Chairman

Hong Kong
26th June, 2025

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 9 to 33, which comprise the statement of financial position as at 31st March, 2025, 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 31st March, 2025 and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as 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 HKFRS Accounting Standards as 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)

Ho Gar Lok
Practising Certificate Number: P05639

Hong Kong
26th June, 2025

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

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2025

	<u>NOTES</u>	<u>2025</u> HK\$	<u>2024</u> HK\$
NON-CURRENT ASSET			
Right-of-use-assets	3(i) / 12	3,366,627	938,904
CURRENT ASSETS			
Accounts receivable			
- Care or Protection Proceedings Scheme	10 / 15(a)	470,702	495,685
- Legal Assistance Scheme for Non-refoulement Claimants	10 / 16(a)	18,502,809	14,617,553
Deposits and prepayments	10	2,400,060	2,232,293
Fixed deposit with a bank	17	33,820,000	38,923,000
Other bank balances and cash	17	6,955,610	7,906,232
		<u>62,149,181</u>	<u>64,174,763</u>
DEDUCT: CURRENT LIABILITIES			
Legal fee payable	11	5,400,780	6,206,900
Legal fee payable and accruals			
- Care or Protection Proceedings Scheme	11 / 15(a)	71,060	99,520
- Legal Assistance Scheme for Non-refoulement Claimants	11 / 16(a)	4,061,976	3,133,668
Accounts payable and accruals	11	2,068,097	2,225,053
Accrued liabilities for untaken leave of employees	19	21,058,311	22,264,079
Lease liabilities	3(i) / 14	2,741,304	608,214
		<u>35,401,528</u>	<u>34,537,434</u>
NET CURRENT ASSETS		<u>26,747,653</u>	<u>29,637,329</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,114,280</u>	<u>30,576,233</u>
NON-CURRENT LIABILITIES			
Lease liabilities	3(i) / 14	(710,371)	(364,901)
Long service payments liabilities	23	(1,602,125)	--
		<u>(2,312,496)</u>	<u>(364,901)</u>
TOTAL NET ASSETS		<u>27,801,784</u>	<u>30,211,332</u>
REPRESENTED BY:-			
RESERVES	13	<u>27,801,784</u>	<u>30,211,332</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Council members and administrator on 26th June, 2025.

Yeung Man Chung, Charles
Council Member

Chan Wing Ho, Charles J
Council Member

Fung Lim Wai, Henry
Administrator

THE DUTY LAWYER SERVICE
(LIMITED BY GUARANTEE)

STATEMENT OF INCOME AND EXPENDITURE
AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2025

	<u>NOTES</u>	<u>2025</u> HK\$	<u>2024</u> HK\$
OPERATING INCOME	6	169,107,694	166,894,491
OTHER INCOME		<u>2,143,012</u>	<u>2,833,370</u>
TOTAL INCOME		171,250,706	169,727,861
LEGAL COSTS		(84,339,253)	(84,502,680)
ADMINISTRATIVE EXPENSES		<u>(83,814,697)</u>	<u>(79,028,104)</u>
SURPLUS FOR THE YEAR	7	3,096,756	6,197,077
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>--</u>	<u>--</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,096,756</u>	<u>6,197,077</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH, 2025

	<u>Capital reserve</u> HK\$	<u>Revenue reserve</u> HK\$	<u>Government reserve</u> HK\$	<u>Total</u> HK\$
At 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 and 1/4/2024	3,226,117	21,478,911	5,506,304	30,211,332
Excess surplus transferred to Government reserve	--	309,017	(309,017)	--
Surplus for the year	--	--	3,096,756	3,096,756
Amount transferred to recurrent subvention	--	--	(5,506,304)	(5,506,304)
At 31/3/2025	<u>3,226,117</u>	<u>21,787,928</u>	<u>2,787,739</u>	<u>27,801,784</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2025

	<u>2025</u>	<u>2024</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	3,096,756	6,197,077
Adjustments for:		
Amount transferred to recurrent subvention from Government reserve	(5,506,304)	(8,367,192)
Interest income	(2,123,456)	(2,815,342)
Depreciation of right-of-use assets	2,756,430	2,764,555
Interest on lease liabilities	194,357	46,339
Provision for long service payments	<u>1,602,125</u>	<u>--</u>
OPERATING SURPLUS/(DEFICIT) BEFORE CHANGES IN WORKING CAPITAL	19,908	(2,174,563)
Increase in accounts receivable	(3,860,273)	(3,247,274)
(Increase)/decrease in deposits and prepayments	(167,767)	16,246
Decrease in legal fee payable, accounts payable and accruals	(63,228)	(1,516,313)
Decrease in accrued liabilities for untaken leave of employees	<u>(1,205,768)</u>	<u>(12,813)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(5,277,128)</u>	<u>(6,934,717)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Interest received	<u>2,123,456</u>	<u>2,815,342</u>
NET CASH GENERATED FROM INVESTING ACTIVITY	<u>2,123,456</u>	<u>2,815,342</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payment – Capital elements	(2,705,593)	(2,810,956)
Lease payment – Interest elements	<u>(194,357)</u>	<u>(46,339)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,899,950)</u>	<u>(2,857,295)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,053,622)	(6,976,670)
CASH AND CASH EQUIVALENTS AT 1ST APRIL (Note 17)	<u>46,829,232</u>	<u>53,805,902</u>
CASH AND CASH EQUIVALENTS AT 31ST MARCH (Note 17)	<u>40,775,610</u>	<u>46,829,232</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

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 17th 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 HKFRS Accounting Standards, the collective term which includes all applicable individual HKFRS Accounting 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 2025, the Service has initially applied the new and revised HKFRS Accounting Standards as issued by the HKICPA that are first effective for accounting periods beginning on or after 1st April, 2024. A summary of the changes in accounting policies resulting from the Service’s application of these HKFRS Accounting Standards 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 31ST MARCH, 2025

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.

THE DUTY LAWYER SERVICE
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

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) 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.

THE DUTY LAWYER SERVICE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

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

(h) EMPLOYEE BENEFITS

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

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.

- (ii) Defined benefit plan obligations

Long service payments under the Hong Kong Employment Ordinance is the defined benefit plan of the Service. For long service payments liabilities, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Service's MPF contributions that have been vested with employees, which are deemed to be contributions from relevant employees. Net interest expenses for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expenses and other expenses related to defined benefit plan are recognised in profit or loss.

(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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

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

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

4. CHANGES IN ACCOUNTING POLICIES

In 2024, the Service has applied the following new and amended revised HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures : Supplier finance arrangements*

The Service has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

- (a) Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

The amendments do not have a material impact on these financial statements as the Service has not made any changes on classification of liability.

- (b) Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Service has not entered into any sale and leaseback transactions.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

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

- (c) Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures : Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Service has not entered into any supplier finance arrangements.

5. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the Service's accounting policies, the Service are required to make assumptions, estimates and judgements in the process of applying the Service's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRS Accounting Standards. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the Service reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

- (a) Sources of estimation uncertainty

Note 18 and Note 23(b) contain information about the assumption and their risk factor relating to financial instruments and long service payments liabilities.

6. **OPERATING INCOME**

	<u>2025</u> HK\$	<u>2024</u> HK\$
Operating income represents recurrent subvention from the Government and handling fee income and is analysed as follows:		
Recurrent subvention	166,760,304	164,700,191
Handling fee income	<u>2,347,390</u>	<u>2,194,300</u>
	<u>169,107,694</u>	<u>166,894,491</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

7. SURPLUS FOR THE YEAR

	<u>2025</u>	<u>2024</u>
	HK\$	HK\$
Surplus for the year is arrived at after charging/(crediting):		
Staff costs:-		
Contributions to defined contribution retirement plans	11,162,483	10,748,457
Less: Amount reimbursed by Legal Assistance Scheme for Non-refoulement Claimants (Note 16)	(3,020,060)	(2,910,129)
Amount reimbursed by C or P Scheme (Note 15)	<u>(554,403)</u>	<u>(540,594)</u>
Amount charged to statement of income and expenditure and other comprehensive income	<u>7,588,020</u>	<u>7,297,734</u>
Salaries, allowances and other employee benefits	95,381,107	87,924,592
Less: Amount reimbursed by Legal Assistance Scheme for Non-refoulement Claimants (Note 16)	(26,898,058)	(23,406,556)
Amount reimbursed by C or P Scheme (Note 15)	<u>(3,709,945)</u>	<u>(3,603,900)</u>
Amount charged to statement of income and expenditure and other comprehensive income	<u>64,773,104</u>	<u>60,914,136</u>
Net decrease in accrued liabilities for untaken leave of employee	<u>(1,205,768)</u>	<u>(12,813)</u>
Other items:-		
Minimum lease payments on properties under operating leases	2,038,990	2,076,348
Less: Amount reimbursed by Legal Assistance Scheme for Non-refoulement Claimants (Note 16)	<u>(2,038,990)</u>	<u>(2,076,348)</u>
Amount charged to statement of income and expenditure and other comprehensive income	<u>--</u>	<u>--</u>
Auditors' remuneration		
- audit service	86,000	80,000
- other service	<u>50,500</u>	<u>8,500</u>
	<u>136,500</u>	<u>88,500</u>
Depreciation of right-of-use assets	2,756,430	2,764,555
Interest on lease liabilities	194,357	46,339
Provision for long service payments	1,602,125	--
Interest income	<u>(2,123,456)</u>	<u>(2,815,342)</u>

**THE DUTY LAWYER SERVICE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

**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>2025</u> HK\$	<u>2024</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.

**THE DUTY LAWYER SERVICE
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NOTES TO THE FINANCIAL STATEMENTS

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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\$	<u>Total</u> HK\$
At 1/4/2023	3,153,705	--	3,153,705
Addition during the year	--	549,754	549,754
Depreciation charge for the year	<u>(2,703,175)</u>	<u>(61,380)</u>	<u>(2,764,555)</u>
At 31/3/2024 and 1/4/2024	450,530	488,374	938,904
Addition during the year	5,184,153	--	5,184,153
Depreciation charge for the year	<u>(2,610,594)</u>	<u>(145,836)</u>	<u>(2,756,430)</u>
At 31/3/2025	<u>3,024,089</u>	<u>342,538</u>	<u>3,366,627</u>

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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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

13. **RESERVES**

	Capital reserve <u>(Note a)</u> HK\$	Revenue reserve <u>(Note b)</u> HK\$	Government reserve <u>(Note c)</u> HK\$	<u>Total</u> HK\$
At 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 and 1/4/2024	3,226,117	21,478,911	5,506,304	30,211,332
Excess surplus transferred to Government reserve	--	309,017	(309,017)	--
Surplus for the year	--	--	3,096,756	3,096,756
Amount transferred to recurrent subvention	--	--	(5,506,304)	(5,506,304)
At 31/3/2025	<u>3,226,117</u>	<u>21,787,928</u>	<u>2,787,739</u>	<u>27,801,784</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>2025</u> HK\$	<u>2024</u> HK\$
Total lease liabilities	<u>3,451,675</u>	<u>973,115</u>
Analysed as:		
Current portion	2,741,304	608,214
Non-current portion	<u>710,371</u>	<u>364,901</u>
	<u>3,451,675</u>	<u>973,115</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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NOTES TO THE FINANCIAL STATEMENTS

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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>2025</u> HK\$	<u>2024</u> HK\$
Subvention – C or P Scheme	5,331,711	5,309,115
Capital expenditure	--	--
Personal emoluments	(4,264,348)	(4,144,494)
Legal costs and operating cost	<u>(1,067,363)</u>	<u>(1,164,621)</u>
	<u> --</u>	<u> --</u>

- (c) Apart from the above, the Labour and Welfare Bureau also paid an amount of HK\$245,996 (2024: HK\$309,887) 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>2025</u> HK\$	<u>2024</u> HK\$
Subvention		
–Legal Assistance Scheme for Non-refoulement Claimants	102,435,900	74,093,521
Personal emoluments	(29,918,118)	(26,316,685)
Legal costs and operating cost	<u>(72,517,782)</u>	<u>(47,776,836)</u>
	<u> --</u>	<u> --</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

17. CASH AND CASH EQUIVALENTS

	<u>2025</u> HK\$	<u>2024</u> HK\$
Fixed deposit with a bank maturing within three months when placed	33,820,000	38,923,000
Other bank balances and cash	<u>6,955,610</u>	<u>7,906,232</u>
	<u>40,775,610</u>	<u>46,829,232</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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NOTES TO THE FINANCIAL STATEMENTS

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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>2025</u>	Within <u>1 year</u> HK\$	2 nd to 5 th <u>years</u> HK\$	<u>Total</u> HK\$
Legal fee payable	5,400,780	--	5,400,780
Legal fee payable and accruals			
- Care or Protection Proceedings Scheme	71,060	--	71,060
- Legal Assistance Scheme for Non-refoulement Claimants	4,061,976	--	4,061,976
Accounts payable and accruals	2,068,097	--	2,068,097
Accrued liabilities for untaken leave of employees	21,058,311	--	21,058,311
Lease liabilities	2,741,304	710,371	3,451,675
Long service payments liabilities	--	1,602,125	1,602,125
	<u>35,401,528</u>	<u>2,312,496</u>	<u>37,714,024</u>
<u>2024</u>	Within <u>1 year</u> HK\$	2 nd to 5 th <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
Long service payments liabilities	--	--	--
	<u>34,537,434</u>	<u>364,901</u>	<u>34,902,335</u>

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NOTES TO THE FINANCIAL STATEMENTS

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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>2025</u> HKD	100/(100)	338,200/(338,200)	338,200/(338,200)
	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)

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

	<u>2025</u> HK\$	<u>2024</u> HK\$
Accrued liabilities for untaken leave of employees	<u>21,058,311</u>	<u>22,264,079</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 31st March, 2025 amounted to HK\$27,801,784 (2024: HK\$30,211,332). 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>2025</u> HK\$	<u>2024</u> HK\$
Recurrent subvention	6	166,760,304	164,700,191
Handling fee income	6	2,347,390	2,194,300
Other income		2,143,012	2,833,370
Subvention – C or P Scheme	15	5,331,711	5,309,115
Subvention – Legal Assistance Scheme for Non-refoulement Claimants	16	102,435,900	74,093,521
		<u>279,018,317</u>	<u>249,130,497</u>

22. COMPARATIVE FIGURES

Certain comparative figures have been re-classified in the financial statements to conform with presentation of the current year.

THE DUTY LAWYER SERVICE
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

23. POST-EMPLOYMENT BENEFITS

The Company operates a MPF scheme for the employees under the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong) for the senior management team in Hong Kong. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payments if the eligibility criteria are met.

	<u>2025</u> HK\$	<u>2024</u> HK\$
Long service payments liabilities	<u>1,602,125</u>	<u>--</u>

(a) MPF scheme

The Company operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the Company's ORSO plans. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately and there is no forfeited contributions that may be used by the Company to reduce the existing level of contribution.

(b) Long service payments liabilities

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance 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 long service payments payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Company's contributions to MPF scheme (see note 23(a)), with an overall cap of HK\$390,000 per employee. Currently, the group does not have any separate funding arrangement in place to meet its long service payment liabilities.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its long service payments 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. Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

23. **POST-EMPLOYMENT BENEFITS (CONT'D)**

(b) Long service payments liabilities (cont'd)

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 long service payments 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 long service payments in respect of the employee's service up to that date; in addition, the long service payments 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 Note 3(h).

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

	<u>2025</u> HK\$	<u>2024</u> HK\$
At 1 January	----- --	----- --
Expenses recognised in profit or loss:		
Current services cost	276,908	--
Interest cost	47,037	--
Past services cost	1,278,180	--
	<u>1,602,125</u>	<u>-----</u>
At 31 December	<u>1,602,125</u>	<u>-----</u>

The weighted average duration of the long service payments liabilities is 37.49 years.

The above expenses are recognised in administrative expense in the statement of profit or loss and other comprehensive income.

Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	3.68%	--
Future salaries increase	<u>4.00%</u>	<u>-----</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2025

23. POST-EMPLOYMENT BENEFITS (CONT'D)

(b) Long service payments liabilities (cont'd)

The below analysis shows how the long service payments liabilities would have decreased/(increased) as a result of 1% change in the significant actuarial assumptions:

	<u>Increased in 1%</u>		<u>Decreased in 1%</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	HK\$	HK\$	HK\$	HK\$
Discount rate	16,021	--	(16,021)	--
Future salaries increase	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

**24. HKFRS ACCOUNTING STANDARDS
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 31st March, 2025 and which have not been adopted in these financial statements. These include the following which may be relevant to the Service:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 st January, 2025
Amendments to HKFRS 9, Financial instruments and HKFRS7, Financial instruments: disclosure – Amendments to the classification and measurement of financial instruments	1 st January, 2026
Annual improvements to HKFRS Accounting Standards, Volume 11	1 st January, 2026
HKFRS 18, Presentation and disclosure in financial statements	1 st January, 2027

The Service has not early adopted these HKFRS Accounting Standards. Initial assessment has indicated that the adoption of these HKFRS Accounting Standards 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 HKFRS Accounting Standards and other significant changes may be identified as a result.

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

OTHER FINANCIAL INFORMATION

(The following statements do not form part of the audited financial statements)

(For management purpose only)

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

ANALYSIS OF INCOME

FOR THE YEAR ENDED 31ST MARCH, 2025

	<u>2025</u> HK\$	<u>2024</u> HK\$
OPERATING INCOME		
Handling fee income	2,347,390	2,194,300
Recurrent subvention	<u>166,760,304</u>	<u>164,700,191</u>
	<u>169,107,694</u>	<u>166,894,491</u>
	<u>2025</u> HK\$	<u>2024</u> HK\$
OTHER INCOME		
Bank interest income	2,123,456	2,815,342
Sundry income	<u>19,556</u>	<u>18,028</u>
	<u>2,143,012</u>	<u>2,833,370</u>

(For management purpose only)

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

ANALYSIS OF EXPENDITURE

FOR THE YEAR ENDED 31ST MARCH, 2025

	<u>2025</u> HK\$	<u>2024</u> HK\$
PERSONAL EMOLUMENTS		
Acting allowance	78,779	119,873
Attachment training for undergraduates	92,490	96,464
Housing allowance and passage allowance	3,616,654	3,333,480
Net (decrease)/increase in accrued liabilities for untaken leave of employee	(1,205,768)	(12,813)
Provident fund contributions	7,588,021	7,297,735
Provision for long service payments	1,602,125	--
Salaries	<u>57,100,650</u>	<u>54,470,936</u>
	<u>68,872,951</u>	<u>65,305,675</u>
RUNNING EXPENSES		
Auditor' remuneration	86,000	80,000
Furniture and fixtures	47,117	41,650
Depreciation of right-of-use assets	2,756,430	2,764,555
Honorarium (Free Legal Advice Scheme)	1,156,906	1,157,246
Insurance	3,089,281	2,116,796
Interpretation and translation	3,134,191	2,953,150
Interest on lease liabilities	194,357	46,339
Medical report	837,743	811,939
Miscellaneous expenses	986,134	822,298
Office equipment	239,914	98,334
Photocopying	63,506	119,194
Printing, publications and periodicals and stationeries	513,058	751,154
Professional fee	61,800	19,800
Rent and rates and building management fee	482,745	473,334
Stamp duty	--	6,826
Tel-Law expenses	94,559	226,229
Utilities	388,165	373,146
Volunteer lawyers allowance (Free Legal Advice Scheme)	<u>735,000</u>	<u>754,500</u>
	<u>14,866,906</u>	<u>13,616,490</u>
LEGAL COSTS		
Duty Lawyers and Pre-Trial Preparation	<u>84,339,253</u>	<u>84,502,680</u>
INCIDENTALS	<u>74,840</u>	<u>105,939</u>
	<u>168,153,950</u>	<u>163,530,784</u>

(For management purpose only)

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

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

STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2025

	HK\$
CURRENT ASSET	
Accounts receivable	<u>470,702</u>
DEDUCT: CURRENT LIABILITIES	
Accounts payable	71,060
Payable to the Service	<u>399,642</u>
	<u>470,702</u>
TOTAL NET ASSETS	<u> --</u>
RESERVES	<u> --</u>

Approved and authorised for issue by the Council members and administrator on 26th June, 2025.

Yeung Man Chung, Charles
Council Member

Chan Wing Ho, Charles J
Council Member

Fung Lim Wai, Henry
Administrator

(For management purpose only)

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

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

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31ST MARCH, 2025

	HK\$
Subvention - Care or Protection Proceedings Scheme	5,331,711
Expenditures – Personal emoluments	(4,264,348)
Legal costs and operating cost	<u>(1,067,363)</u>
	<u> --</u>

(For management purpose only)

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

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

STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2025

	HK\$
CURRENT ASSETS	
Rental and other deposits paid	354,813
Accounts receivable	<u>18,502,809</u>
	<u>18,857,622</u>
DEDUCT: CURRENT LIABILITIES	
Accounts payable - Rental and other deposits received	354,813
Legal fee payable and accruals	4,061,976
Payable to the Service	<u>14,440,833</u>
	<u>18,857,622</u>
TOTAL NET ASSETS	<u><u> --</u></u>
RESERVES	<u><u> --</u></u>

Approved and authorised for issue by the Council members and administrator on 26th June, 2025.

Yeung Man Chung, Charles
Council Member

Chan Wing Ho, Charles J
Council Member

Fung Lim Wai, Henry
Administrator

(For management purpose only)

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

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

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31ST MARCH, 2025

	HK\$
Subvention –Legal Assistance Scheme for Non-refoulement Claimants	102,435,900
Litigation costs for judicial review cases recovered	--
Capital expenditure	--
Personal emoluments	(29,918,118)
Legal costs and operating cost	<u>(72,517,782)</u>
	<u> --</u>