

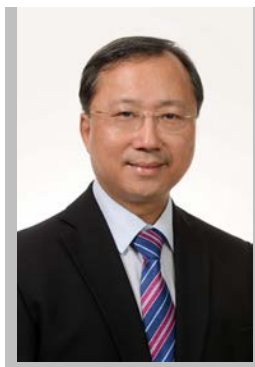
2019/20 Annual Report of Occupational Deafness Compensation Board

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CHAIRMAN'S FOREWORD



2019/20 was an incredibly turbulent year for Hong Kong. Under a difficult environment brought about by the COVID-19 pandemic and social unrest over the second half of the year, the number of our educational programmes and rehabilitation activities organised dropped below what the Occupational Deafness Compensation Board (the Board) had planned for. Working in line with the Government to minimise the risk of the spread of infectious diseases in the community, processing of some compensation applications were also delayed given the suspended hearing test and examination services in the related hospital and medical centres for a few months. Notwithstanding such challenging times, we strived to keep our commitment and determination of providing quality services to the occupational deafness (OD) persons.

For the year under review, the Board received a total of 598 applications for compensation, including 497 cases of first-time and 101 cases of further application. During the same period, a total compensation amount of about HK\$35.03 million was approved for 365 cases consisting of 314 first-time and 51 further applications for compensation. Comparing with the previous year, the number of approved applications rose by 11.62% whilst the total compensation amount increased by 5.73% this year.

Regarding our Financial Assistance Scheme for hearing assistive devices (HAD), the Board kept pace with the times and worked with the Government regularly to review the rights and benefits for OD persons in the expectation of allowing them to acquire HAD with appropriate advanced features as needed. In this connection, the amounts of four compensation items under the recently revised Occupational Deafness (Compensation) Ordinance (the Ordinance) were raised. The new levels of compensation were applicable to eligible cases with the date of the determination of the OD compensation amount and the financing amount for HAD on or after 26 April 2019. Owing to the improved benefits brought forth by the increased HAD financing amount for the Scheme, in the year we approved 807 applications, representing an increase of 8.91% as compared with 2018/19, from OD persons for financing their expenses incurred in purchasing, repairing and replacing HAD with a total amount of approximately HK\$5.43 million paid. The expenditure increased by 17.5% as compared with the preceding year.

Pursuing the time-honoured mission since our establishment, the Board has been providing comprehensive protection and holistic services to our service targets, as well as further enhancing the awareness of hearing conservation among the general public. Although our ongoing publicity and education work was hindered to some extent in the year under review, we still spared no effort in propagating the important message of prevention against hearing hazards to workers engaging in noisy occupations and the general public. Publicity programmes such as proactive visits to noisy workplaces, mobile audiometric screening services, sponsorship programmes for labour group activities, concerted arrangements made on various mass media platforms including roadshows at shopping malls, advertisements placed in newspapers and magazines, commercials on electronic media and public transportation systems, and so forth had been in place as our effectual routine exercises.

In the spectrum of rehabilitation services rendered to members of our “Occupational Deafness Rehabilitation Network” (ODRN), considering their personal safety and health as our utmost concern, the format and amount of some programmes organised were adjusted in the latter half of the year in response to the spread of COVID-19 following the persisting social movements in the community. Facing the foregoing dilemma, the Board and ODRN staff members have been putting our heads together to figure out new arrangements and tactical measures, where practicable and appropriate, in the hope of introducing enhanced and effective service platforms for our rehabilitation activities.

During the year under review, we organised about 30 seminars and workshops relating to aural rehabilitation, recording around 770 participations in the related activities or visiting the Board’s audiology room to undergo the personalised aural rehabilitation assessment and tinnitus counselling services rendered by the audiologist. Moreover, the Board also arranged 575 social rehabilitation programmes for our ODRN members aiming at raising their motivation and skills to communicate with others so that they could integrate into society actively. Related activities included thematic gatherings, interest groups, community explorations, educational talks and health check sessions. These programmes recorded approximately 8 270 participations by OD persons and their accompanying caregivers.

Apart from the aforementioned programmes, the Board also arranged 10 sessions of volunteer and caring ambassador services. Given that some outdoor activities were forced to be called off amid the spread of COVID-19 and social unrest, we paid more caring visits (350 visits) to the residences, elderly homes or hospitals where ODRN members were staying at and made more greeting calls (7 525 calls) to the people concerned.

On the financial front, the Board’s total income in 2019/20 grew by 15.38% to around HK\$63.53 million, largely contributed by an increase in levy incomes for the year. Deducting the total expenditure of about HK\$65.36 million, we recorded a deficit of approximately HK\$1.83 million for the year. Complying with our well-established principle, the Board shall prudently manage various sources of income and expenditure to ensure our financial stability in the long run. Some time earlier, the Board had submitted an investment plan proposal to the Government for which approval from the Financial Services and the Treasury Bureau was obtained in October 2019. Even though we are now facing an uncertain global economic outlook ahead, in pursuit of better returns aiming at providing even better services to our stakeholders, the Board shall proactively seek favourable opportunities to roll out our new investment activities prudently at the right time.

Having served as the Board Chairman for the fifth year in this challenging era, I am delighted to extend my grateful appreciation to our fellow members of the Board and the Medical Committee for their dedication and invaluable advice given in the past. I am also thankful to the Labour Department and other collaboration partners for their continued support and collective wisdom leading to our success. Engraving on our minds, the Board is always a caring organisation committed to apposite services for the workforce engaging in various noisy occupations in Hong Kong. With our time-honoured vision, we will continue to strive for excellence and remain at the forefront of best practice, rendering quality services to those in need at all times.

Dr Luk Wai-sing, Albert
Chairman
Occupational Deafness Compensation Board

PROFILE OF THE OCCUPATIONAL DEAFNESS COMPENSATION BOARD

The Board was established on 1 June 1995 under the Ordinance (Cap.469). It is responsible for carrying out the following functions under the Ordinance:

- (1) to manage the Occupational Deafness Compensation Fund in accordance with the law;
- (2) to process and determine applications for OD compensation;
- (3) to process and determine applications for reimbursement or direct payment of expenses for HAD;
- (4) to conduct or finance educational and publicity programmes for the purpose of preventing noise-induced deafness by reason of employment; and
- (5) to conduct or finance rehabilitation programmes for persons suffering from noise-induced deafness by reason of employment.

The Board consists of nine members, who are appointed by the Chief Executive of the Hong Kong Special Administrative Region, including representatives of employers, employees, medical professionals and public officers. It meets regularly to set directions on the programmes of activities to be carried out and to determine applications made under the Ordinance.

**MEMBERSHIP OF THE OCCUPATIONAL DEAFNESS COMPENSATION BOARD (ODCB)
(2019.4.1–2020.3.31)**



Dr LUK Wai-sing, Albert
ODCB Chairman
(ENT medical practitioner)



Mrs NGAN NG Yu-ying,
Katherine, MH, JP
Representing employers



Mr NG San-wa,
Lawrence, MH
Representing employers



Mr WONG Ping
Representing employees



Ms LIU Po-chu, Elsie
Representing employees



Dr FOK Pui-chu, Joan
Medical practitioner of the
Hospital Authority



Dr HO Nga-yi, Fiona
ENT medical practitioner



Dr HO Mang-ye, Mandy, JP
Occupational Health Consultant
Labour Department
(Up to 2019.9.29)



Dr WAN Yuen-kong
Occupational Health Consultant
Labour Department
(From 2019.9.30)



Ms BUT Wing-tung, Christine
Senior Labour Officer
Labour Department
(Up to 2019.4.28)



Ms WONG Lai-heung, Christina
Senior Labour Officer
Labour Department
(From 2019.4.29)



Ms NG Wai-ying, Erica
ODCB Executive Director
(Secretary)

PROFILE OF THE OCCUPATIONAL DEAFNESS MEDICAL COMMITTEE

The Occupational Deafness Medical Committee (the Medical Committee) is another statutory body established under the Ordinance. Its function is to advise the Board on the technical, medical and professional aspects of hearing assessment and provision of HAD to OD persons. The Medical Committee comprises five members who are specialists of the medical profession or expert in the field of audiology.

MEMBERSHIP OF THE OCCUPATIONAL DEAFNESS MEDICAL COMMITTEE (2019.4.1–2020.3.31)



Dr HO Wai-kuen
Nominated by
Hospital Authority



Dr HO Mang-yee, Mandy, JP
Nominated by
Department of Health
(Up to 2019.9.29)



Dr WAN Yuen-kong
Nominated by
Department of Health
(From 2019.9.30)



Dr NGAI Chi-man
Nominated by
Hong Kong College of
Otorhinolaryngologists
Hong Kong Academy of Medicine



Dr LO Tsun-yan
Nominated by
Hong Kong College of
Community Medicine
Hong Kong Academy of Medicine



Dr KAM Chi-shan, Anna
Nominated by
Hong Kong Society of
Audiology



Mr CHAN Ying-wai, Alfred
ODCB Director of Operations
(Secretary)

APPLICATION AND DETERMINATION FOR THE OCCUPATIONAL DEAFNESS COMPENSATION SCHEME

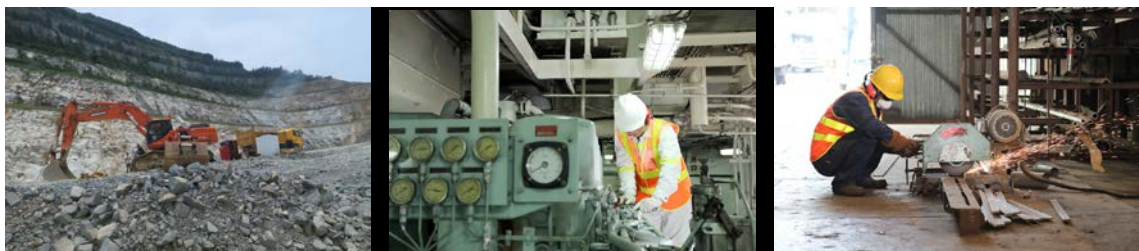
In Hong Kong, OD is one of the most common occupational diseases caused by prolonged exposure to a high level of noise at work, resulting in the damage of the nerve cells of the inner ear. Once damaged or destroyed, these nerve cells will not recover. The resulting hearing impairment will be permanent and cannot be cured.

The Occupational Deafness Compensation Scheme provides for the payment of compensation to those employees who suffer from noise-induced hearing loss due to employment in specified noisy occupations. Applicants have to fulfil both the occupational and hearing loss requirements as stipulated by the Ordinance in order to be entitled to receiving compensation. Requirements and calculation methods for the Occupational Deafness Compensation Scheme are given in *Appendix 1*.

Applications Received

During the year 2019/20, the Board received a total of 598 applications for OD compensation with the following breakdown:

- Compensation for the first time (*Figure 1*).....497
- Further compensation (*Figure 2*).....101



For first-time compensation applications, most of the workers are engaged in noisy occupations relating to the followings: the use of power-driven grinding, chiselling, cutting or percussive tools on rocks; working near internal combustion engines, turbines, pressurised fuel burners or jet engines; and metal grinding.

Figure 1: Profile of Applicants by Age and Gender (First-time Compensation)

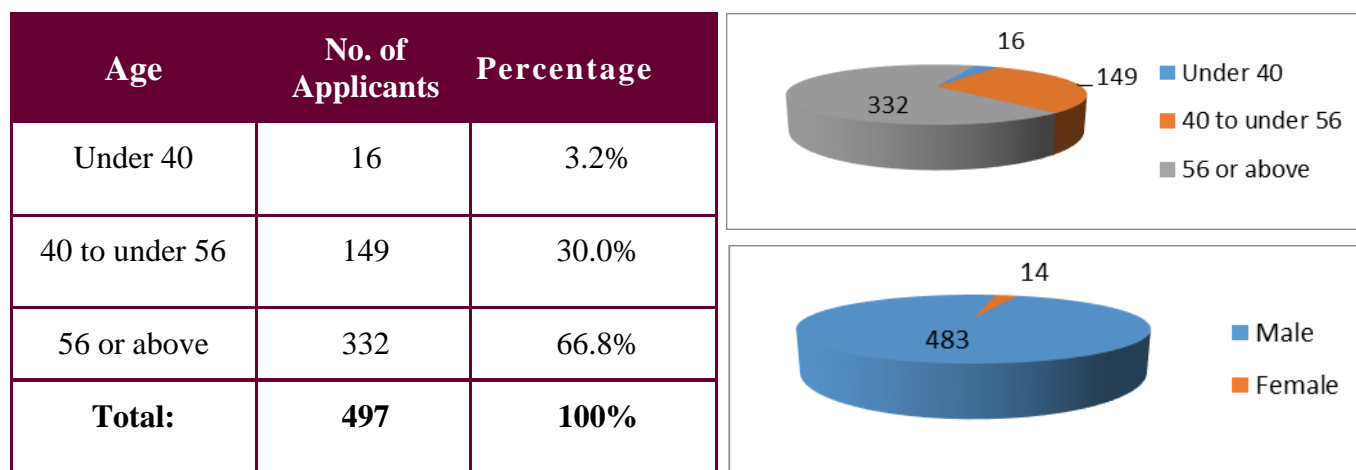
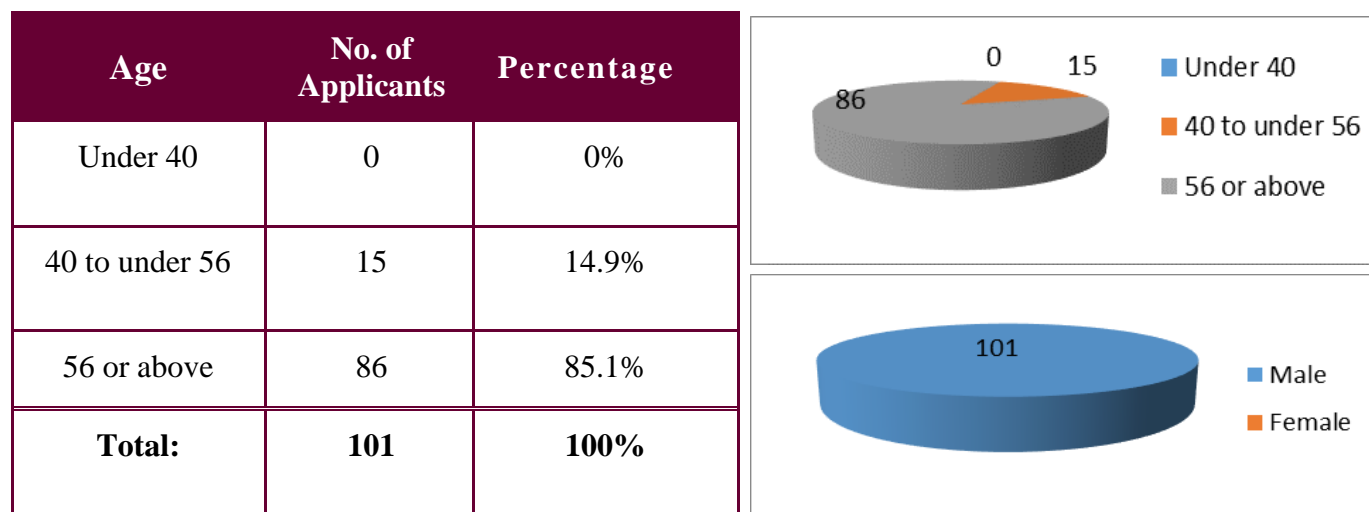


Figure 2: Profile of Applicants by Age and Gender (Further Compensation)



For the year under review, the Board received 497 applications for OD compensation for the first time. The majority of the applicants were engaged in the use of power-driven grinding, chiselling, cutting or percussive tools on rocks (49.7%). The next largest group involved those who worked near internal combustion engines, turbines, pressurised fuel burners or jet engines (30.8%), followed by those engaged in metal grinding (7.5%). A set of the occupational profiles of the applicants who applied for first-time OD compensation is given in *Appendix 2*.

During the same period, the Board received 101 applications for further compensation. The majority of the applicants were working near internal combustion engines, turbines, pressurised fuel burners or jet engines (31.7%), while those engaged in the use of power-driven grinding, chiselling, cutting or percussive tools on rocks (28.7%) were the next largest group of applicants, followed by those engaged in metal grinding (24.8%). A set of the occupational profiles of the applicants who applied for further OD compensation is given in *Appendix 3*.

Applications Processed

For the year under review, the Board approved 365 applications with a total compensation amount of HK\$35,034,162¹. A breakdown of the applications approved by their respective types is as follows:

	<u>Number of Approved Applications</u>	<u>Amount of Compensation Paid (HK\$)</u>
• Compensation for the first time	314	30,410,487.20
• Further compensation	51	4,623,675.02
Total:	365	35,034,162.22

Regarding these 314 applicants who successfully received compensation for the first time, more than half (67.8%) suffered a hearing loss of less than 50dB in the better ear (*Figure 3*). The majority (91.7%) of them suffered from a permanent incapacity of not greater than 20%. The average amount of compensation awarded was HK\$96,849 (*Figure 4*).

On the other hand, for the 51 applicants who successfully received further compensation, a majority (62.7%) of them suffered a hearing loss of less than 60dB in the better ear (*Figure 5*). A large majority (98.0%) of them suffered from an additional percentage of permanent incapacity ranged from 0.5% to 20.5%. The average amount of further compensation paid was HK\$90,660 (*Figure 6*). Two sets of analysis of approved cases of first-time and further compensation by the level of hearing loss are in *Appendix 4* and *Appendix 5* respectively.

In conclusion, in 2019/20 the Board received 598 compensation applications (consisting of 497 first-time and 101 further applications) and approved 365 applications. A table showing applications versus approved cases of OD compensation for the most recent 3 years is in *Appendix 6*.

¹ In 2019/20, the Board approved 365 applications at a total compensation amount of HK\$35,034,162. Nevertheless, the Board had processed one review case for which adjustments were made in the year. Accordingly, the actual compensation payout as shown in the Income and Expenditure Account for the year is HK\$35,056,731.

Figure 3: Approved Cases by Level of Hearing Loss (Compensation for the First Time)

Hearing Level (dB)	Better Ear	Worse Ear
<40	107	N.A.
40 – 49	106	138
50 – 59	77	83
60 – 69	22	58
70 – 79	2	21
80 – 89	0	5
90 or above	0	9
Total:	314	314

Figure 4: Approved Cases by Compensation Payment (Compensation for the First Time)

Percentage of Incapacity	No. of Cases	Total Payment (HK\$)
0.5%	58	446,027
1%-4.5%	102	2,969,938
5%-10%	62	5,812,137
11%-20%	66	12,889,358
21%-30%	24	7,403,230
31%-40%	2	889,797
41%-50%	0	0
51%-60%	0	0
Total:	314	30,410,487
Average Compensation Paid:		96,849

Figure 5: Approved Cases by Level of Hearing Loss (Further Compensation)

Hearing Level (dB)	Better Ear	Worse Ear
<40	2	N.A.
40 – 49	15	7
50 – 59	15	10
60 – 69	12	20
70 – 79	3	7
80 – 89	3	2
90 or above	1	5
Total:	51	51

Figure 6: Approved Cases by Compensation Payment (Further Compensation)

Additional Percentage of Incapacity	No. of Cases	Total Payment (HK\$)
0.5%	2	12,267
1%-4.5%	18	421,143
5%-10.5%	19	1,613,479
11%-20.5%	11	2,289,506
21%-30.5%	1	287,280
31%-40.5%	0	N.A.
41%-50.5%	0	N.A.
51%-59.5%	0	N.A.
Total:	51	4,623,675
Average Compensation Paid:		90,660

Regarding the 245 applications for compensation for the first time being refused during the year under review, 202 applications (82.5%) were due to failure to meet the hearing loss requirements whereas 43 applications (17.5%) failed to meet the occupational requirements. On the other hand, 33 applicants had withdrawn the applications by themselves.

With respect to the 50 applications for further compensation being refused, 48 of them (96%) could not meet the hearing loss requirements whereas 2 applications (4%) failed to meet the occupational requirements. On the other hand, 7 applicants had withdrawn the applications by themselves (*Figure 7*).

Figure 7: Breakdown of Applications Processed in the Year 2019/20

	No. of Cases (Compensation for the First Time)	No. of Cases (Further Compensation)
Compensation payment approved	314	51
Failed to meet hearing loss requirements	202	48
Failed to meet occupational requirements	43	2
Failed to attend hearing assessment	0	0
Withdrawn	33	7

FINANCIAL ASSISTANCE SCHEME FOR HEARING ASSISTIVE DEVICES

Any person who is entitled to compensation under the Ordinance may also apply for the reasonable expenses incurred in the acquisition, fitting, repair or maintenance of HAD in connection with his/her noise-induced deafness subject to the Medical Committee's determination. For the first-time application relating to the acquisition and fitting of HAD, the claimed amount is subject to a maximum of HK\$19,000 for each eligible person. The aggregate amount of financial assistance given to each eligible person under the scheme shall not exceed HK\$79,000.

With effect from 26 April 2019, the financing amount for first-time applications for HAD under the Scheme has been raised to HK\$19,000 from HK\$16,470, while the aggregate financing limit has been raised to HK\$ 79,000 from HK\$57,110.

In 2019/20, the Board received 801 new applications for financing HAD including 116 first-time submissions. In the year, the Board approved 807 applications with a total financing amount of approximately HK\$5.43 million paid. Acquisition of hearing aids was the major claim which amounted to 88.8% of the total expenses of the scheme.

Under the Ordinance, HAD shall include:

- (1) hearing aid;
- (2) telephone amplifier specially designed for use by persons with hearing difficulty;
- (3) desktop telephone with flashing light or other visual device to indicate ringing;
- (4) any device the use of which by a person suffering from noise-induced deafness is determined by the Board, upon the advice of the Medical Committee, to be reasonably necessary in connection with such deafness; or
- (5) any accessories or parts of the above HAD.

REPORT ON EDUCATION AND PUBLICITY

Roving Exhibitions and Promotional Activities

OD is a permanent sensorineural hearing loss which cannot be cured. As such, the Board has been working hard to conduct a variety of educational and promotional activities to explain to the general public and workers engaged in noisy occupations the importance of avoiding hearing loss.

In the year under review, the Board continued to strive hard to carry out a number of educational and promotional programmes in various districts, aiming to reach out to the public community and workers engaged in noisy occupations. Nevertheless, given the persisting social movements taking place from the latter part of 2019, the featured kick-off ceremony of the Board's annual roving exhibitions had to be cancelled whilst some scheduled exhibitions were also postponed.



ODCB's roving exhibitions are arranged at shopping malls in various districts to elaborate the Occupational Deafness Compensation Scheme and the importance of hearing protection to the public.

Joint Functions on Occupational Safety & Health and Labour Group Activities Sponsorship Scheme

In 2019/20 the Board continued to participate in several other major annual campaigns, including *The Hearing Conservation Best Practices Award* co-organised with the Occupational Safety and Health Council which aimed at giving recognition to organisations that had made significant efforts to implement effective measures to protect the hearing of workers. We also continued to jointly organise with the Labour Department and other prominent occupational safety promotion organisations *The Construction Industry Safety Award Scheme*, *The Catering Industry Safety Award Scheme* and *The Construction Safety Forum*.

Regarding the Sponsorship Scheme for labour group activities that encouraged trade unions and labour groups to publicise the Occupational Deafness Compensation Scheme and promote the hearing conservation message in the activities carried out for their members, a sponsorship amount of about HK\$410,000 was granted to 60 labour unions and organisations in the year. Around 12 000 workers took part in the sponsored activities delivered by these organisations.



ODCB Chairman Dr Albert Luk (4th from left), the then Under Secretary for Labour and Welfare Mr Caspar Tsui, JP (8th from right) and other officiating guests at the 20th Construction Safety Forum and Award Presentation Ceremony.



ODCB Chairman Dr Albert Luk (middle) presents award certificates to winners at the 20th Construction Safety Forum and Award Presentation Ceremony.

Workplace Safety Visits and Induction Talks

In the year under review, the Board organised 39 safety visits and induction talks at different workplaces where noisy work processes were conducted. Over 1 600 workers engaging in noisy industries attended these talks to learn about the Occupational Deafness Compensation Scheme and the proper measures of hearing conservation. On the other hand, the Board kept on working together with major trade unions related to noisy occupations for special campaigns on avoidance of noise hazards. Details of the Occupational Deafness Compensation Scheme were explained to workers who were exposed to high levels of noise at work.



To explain to workers the proper way to protect their hearing and the Occupational Deafness Compensation Scheme, ODCB arranges regular safety visits to noisy workplaces.

Mobile Audiometric Screening Service



Our mobile audiometric screening service has been well received by workplace administrators and employees. Workers could learn about the status of their hearing health while greatly saved transportation costs and time incurred if they were required to go to designated places to undergo the hearing assessments. The campaign aims at providing workers engaged in noisy occupations with onsite complimentary hearing health assessment services, including brief medical record inquiry, ear canal examination, pure tone audiometric screening and result analysis. Should there be hearing problems with the examined workers, the audiologist would provide assistance and recommendations to them immediately.

In the year, the Board continued to send the mobile audiometric bus and audiologist to various noisy workplaces to conduct preliminary and complimentary hearing assessments for workers. As a consequence of the persisting social unrest followed by COVID-19, fewer services were arranged where nearly 620 workers received the foregoing hearing assessment services. Workplaces being visited covered Sai Kung, Tseung Kwan O, Sau Mau Ping, Wong Tai Sin, Kowloon City, Yau Ma Tei, Tung Chung, Chek Lap Kok, Tin Shui Wan and Fo Tan.



REPORT ON REHABILITATION SERVICES AND PROGRAMMES

The Board is responsible for conducting and financing rehabilitation programmes for OD persons, under the name of ODRN, a set-up formed by the Board and its partnering organisations. Our programmes include aural rehabilitation, social rehabilitation and vocational rehabilitation activities. The mission of our rehabilitation programmes is to help OD sufferers overcome their handicap brought about by the ailment.

Aural Rehabilitation Programmes

The objective of aural rehabilitation programmes is to help OD persons overcome the hearing impairment through the provision of suitable HAD and development of effective communication skills. In the year under review, we recorded about 770 participations in the aural rehabilitation seminars or visiting the Board's audiology room to undergo the personalised aural rehabilitation assessment and tinnitus counselling services rendered by the audiologist. Among different audiological services, otoscopic examination, pure tone audiometry, hearing aid check and individualised counseling were most demanded. Starting from 26 April 2019, the first-time and aggregate financing limits for the Financial Assistance Scheme for HAD were raised. On account of the increased financing amounts, a lot of OD persons proactively sought advice from the Board's audiologist regarding binaural fitting of hearing aids and replacement of malfunctioned HAD. They were also interested in learning more about hearing aids with more advanced technology, such as internal re-chargeable battery, water resistance, tinnitus management feature and Bluetooth connectivity.

In 2019/20, a total of 26 thematic seminars were organised by the Board, aiming to introduce the HAD Financial Assistance Scheme and other follow-up services available after acquiring hearing aids. The Board's audiologist provided tips on how to choose suitable HAD, while the ODRN staff explained to participants in details about the application procedures. With an objective of giving advice about how to make better use of hearing aids so as to enhance users' communications capability, the Board also organised post-fitting seminars for the hearing aids users. In the year, a total of 3 small-group interactive post-fitting workshops were held to provide hands-on practices, assertiveness training and communication strategies for OD persons who had recently obtained new hearing devices.

In the latter part of 2019/20, due to the impact of social movements and COVID-19, our aural rehabilitation services were modified from the face-to-face format to telephonic or electronic consultations, where efforts were made to maintain the provision of practical and individualised counseling to our OD persons on a one-on-one basis.



At the thematic seminar, ODCB audiologist explains to participating OD persons and their accompanying caregivers about the functions of various HAD.

Hearing Aid and Tinnitus Masker Trial Scheme

The hearing aid trial scheme was designed to help those OD persons who have reservation about using hearing aids; while for OD persons who suffered from discomfort caused by tinnitus, the Board continued to launch the trial scheme of various tinnitus maskers.

Under the trial scheme, participants could try out behind-the-ear hearing aids, desktop or ear-level tinnitus maskers and sound pillow free of charge for a period of one month. Prior to the trial, the OD persons would be interviewed, followed by an in-depth discussion on the feasibility of individualised management approaches recommended by the audiologist. The Board hopes to make use of such trial scheme to serve as a platform where participants could develop reasonable expectations on hearing aids and tinnitus maskers. In the long run, it aims to raise the practical utilisation and users' satisfaction of the trial scheme.

Social Rehabilitation Programmes

Joining forces with three organisations, namely the Hong Kong Society for the Deaf, Association for the Rights of Industrial Accident Victims and Hong Kong Construction Industry Employees General Union, the Board organised a wide spectrum of social rehabilitation activities under the name of ODRN for the interest of OD persons. These programmes aimed at helping OD persons face the problems led by hearing impairment and also helping them re-integrate into daily social life. Related activities included thematic gatherings, interest groups, community explorations, educational talks, health check sessions and so forth.

In 2019/20, the Board organised 575 social rehabilitation activities for OD persons aiming at broadening their social circles and strengthening their motivation and skills to communicate with others. Staff of ODRN always try hard to reach out to all OD persons via different channels so as to provide them with relevant assistance. Amid challenging times of social unrest and the spread of COVID-19 in the community, the format and amount of programmes organised were adjusted in the latter half of the year since personal safety and health are always our prime concern. Overall, in the year these social rehabilitation programmes recorded approximately 8 270 participations by OD persons and their caregivers.

Targeting on those OD persons who were not active in taking part in the social rehabilitation activities, ODRN staff made special efforts in reaching out to them by means of paying caring visits and making telephone calls to catch up with them. In 2019/20, ODRN arranged 10 sessions of volunteer and caring ambassador services. Given that some outdoor programmes were called off amid the spread of COVID-19, in the meantime we organised more proactive caring services: including 7 525 greeting calls, as well as 350 caring visits to the residential areas where ODRN members were staying at in the hope of reaching and assisting people in need on a timely basis.

Vocational Rehabilitation Programmes

To help OD persons who still have the capability and motivation to undertake employment, the Board runs vocational rehabilitation programmes which aim at providing career counselling, job skills training and placement service for the parties concerned. Through various activities under the scheme, we assist OD persons to understand their strengths and job expectations so that they can equip themselves to increase competitiveness in the job market. In addition, job matching services are offered to interested participants under such programmes. In 2019/20, nearly 1 200 participations were recorded for career counselling information sessions of which 11 OD persons had taken part in the job skills retraining programmes based on their different vocational needs. Some of the OD persons had changed to new vocational posts successfully.

“O D R N” Volunteer and Caring Ambassadors



ODRN caring ambassadors participate in a complimentary body-check service on the day following Mid-Autumn Festival at a public housing estate in Kowloon. Basic health checkup and hand-made lanterns are given to visiting inhabitants as warm wishes on the festive day.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OCCUPATIONAL DEAFNESS COMPENSATION BOARD**
(Established under the Occupational Deafness (Compensation) Ordinance)

Opinion

We have audited the financial statements of Occupational Deafness Compensation Board (the "Board") set out on pages 23 to 49, which comprise the statement of financial position as at 31 March 2020 and the income and expenditure account, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Board as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Occupational Deafness (Compensation) Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Board 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 Board is responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OCCUPATIONAL DEAFNESS COMPENSATION BOARD**
(Established under the Occupational Deafness (Compensation) Ordinance)

(Continued)

Responsibilities of the Board for the financial statements

The Board is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Occupational Deafness (Compensation) Ordinance, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Board'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 Board either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Board'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, for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OCCUPATIONAL DEAFNESS COMPENSATION BOARD**
(Established under the Occupational Deafness (Compensation) Ordinance)

(Continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's 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 Board'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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 14 July 2020

Alvin Yeung Sik Hung
Practising Certificate Number P05206

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
INCOME			
Distribution from Employees' Compensation Insurance Levies Management Board	4	47,664,113	40,976,251
Government payments	5	2,419,749	2,072,876
Interest income from time deposits		12,800,971	11,487,129
Service fee income		640,000	520,000
		<u>63,524,833</u>	<u>55,056,256</u>
EXPENDITURE			
Occupational deafness compensation	6	35,056,731	33,262,435
Hearing assistive devices' financial assistance expenses	7	5,433,530	4,624,162
Hearing assessment expenses		1,571,224	1,168,781
Promotional and publicity programmes		4,984,613	6,104,004
Rehabilitation programmes		5,068,163	4,834,963
Administrative expenses	8	12,976,719	12,106,428
Rent, rates and management fee		264,412	325,381
		<u>65,355,392</u>	<u>62,426,154</u>
DEFICIT AND TOTAL COMPREHENSIVE EXPENDITURE FROM OPERATIONS		<u>(1,830,559)</u>	<u>(7,369,898)</u>
FINANCE COST			
Interest element of lease rentals		<u>(1,321)</u>	<u>-</u>
DEFICIT AND TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR		<u><u>(1,831,880)</u></u>	<u><u>(7,369,898)</u></u>

The notes on pages 27 to 49 form part of these financial statements.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
NON-CURRENT ASSET			
Property, plant and equipment	9	46,532,931	47,558,712
Intangible assets	10	86,667	140,000
Time deposits		54,500,000	74,000,000
		101,119,598	121,698,712
CURRENT ASSETS			
Account receivables		44,476	-
Prepayment and deposits		64,504	64,504
Interest receivable		3,383,425	1,862,713
Time deposits		515,100,000	509,200,000
Cash and cash equivalents		13,022,372	1,360,861
		531,614,777	512,488,078
CURRENT LIABILITY			
Accrued charges		2,335,732	1,980,146
Lease liabilities	11	23,879	-
		2,359,611	1,980,146
NET CURRENT ASSETS		<u>529,255,166</u>	<u>510,507,932</u>
NET ASSETS		<u>630,374,764</u>	<u>632,206,644</u>
RETAINED SURPLUS		<u>630,374,764</u>	<u>632,206,644</u>

Approved and authorised for issue by the Board on 14 July 2020.

On behalf of the Board

Dr. Luk Wai-sing, Albert
Chairman

The notes on pages 27 to 49 form part of these financial statements.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Retained surplus HK\$
Balance as at 1 April 2018	639,576,542
Deficit and total comprehensive expenditure for the year	<u>(7,369,898)</u>
Balance as at 31 March 2019 and 1 April 2019	632,206,644
Deficit and total comprehensive expenditure for the year	<u>(1,831,880)</u>
Balance as at 31 March 2020	<u>630,374,764</u>

The notes on pages 27 to 49 form part of these financial statements.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	<u>2020</u> HK\$	<u>2019</u> HK\$
OPERATING ACTIVITIES		
Deficit for the year	(1,831,880)	(7,369,898)
Adjustments for:		
Interest income	(12,800,971)	(11,487,129)
Depreciation charge	1,180,442	1,111,983
Finance cost	1,321	-
Amortisation	118,333	106,342
	<u>(13,332,755)</u>	<u>(17,638,702)</u>
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in account receivable	(44,476)	52,457
Increase in prepayment and deposits	-	(450)
Increase/(decrease) in accrued charges	<u>355,587</u>	<u>(190,097)</u>
CASH USED IN OPERATING ACTIVITIES	(13,021,644)	(17,776,792)
INVESTING ACTIVITIES		
Decrease in time deposits	13,600,000	7,700,000
Interest received	11,280,259	10,803,315
Payment for the purchase of property, plant and equipment	(60,103)	(43,880)
Payment for the purchase of intangible assets	(65,000)	(130,000)
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>24,755,156</u>	<u>18,329,435</u>
FINANCING ACTIVITIES		
Capital element of lease rentals paid	(70,680)	-
Interest element of lease rentals paid	<u>(1,321)</u>	<u>-</u>
NET CASH USED IN FINANCING ACTIVITIES	(72,001)	-
INCREASE IN CASH AND CASH EQUIVALENTS	11,661,511	552,643
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,360,861</u>	<u>808,218</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>13,022,372</u></u>	<u><u>1,360,861</u></u>

The notes on pages 27 to 49 form part of these financial statements.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. CORPORATE STATUS

The Occupational Deafness Compensation Board (the “Board”) is incorporated by virtue of the Occupational Deafness (Compensation) Ordinance (the “Ordinance”) to hold the Occupational Deafness Compensation Fund upon trust and to manage and administer the fund. The registered office and place of operation of the Board is situated at Office A-B, 15/F., Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the requirements of the Ordinance. Significant accounting policies adopted by the Board are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Board. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Board for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 16.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(f)(ii)).

- right-of-use assets arising from leases over leasehold properties when the Board is not the registered owner of the property interest; and
- items of plant and equipment including right-of-use assets arising from leases of underlying plant and equipment (see note 2(e)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives as follows:

Leasehold land and buildings	50 years
IT and AV equipment	3 years
Rehabilitation service equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income and expenditure account during the financial period in which they are incurred.

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

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

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- System development and modification 3 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in income and expenditure account when the asset is derecognised.

e) Leased assets

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

(i) Policy applicable from 1 April 2019

Where the contract contains lease component(s) and non-lease component(s), the Board has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Board recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Leased assets (Continued)

(i) Policy applicable from 1 April 2019 (Continued)

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 income and expenditure account 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. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(c) and 2(f)(ii)).

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 Board'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 Board 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 income and expenditure account if the carrying amount of the right-of-use asset has been reduced to zero.

The Board presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

(ii) Policy applicable prior to 1 April 2019

In the comparative period, as a lessee the Board classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Board. Leases which did not transfer substantially all the risks and rewards of ownership to the Board were classified as operating leases.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Leased assets (Continued)

(ii) Policy applicable prior to 1 April 2019 (Continued)

Where the Board had the use of assets held under operating leases, payments made under the leases were charged to income and expenditure account in equal instalments over the accounting periods covered by the lease term.

When the Board makes payments for a property interest which includes both leasehold land and building elements, the Board assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Board, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lumpsum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

f) Credit losses and impairment of assets

i) Credit losses from financial instruments

The Board recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents and account and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Board in accordance with the contract and the cash flows that the Board expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, account and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Board is exposed to credit risk.

In measuring ECLs, the Board takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for account receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Board'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.

For all other financial instruments, the Board recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Board compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Board considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Board in full, without recourse by the Board to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Board considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Board.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Board recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(l)(i) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Board assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in income and expenditure account in the period in which the recovery occurs.

ii) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets; and
- intangible assets.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Credit losses and impairment of assets (Continued)

ii) Impairment of non-financial assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in income and expenditure account if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income and expenditure account in the year in which the reversals are recognised.

g) Account and other receivables

A receivable is recognised when the Board 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.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(f)(i)).

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Accruals and other payables

Accruals and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

i) Cash and cash equivalents

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

j) Employee benefits

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

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income and expenditure account when incurred.

k) Provisions and contingent liabilities

Provisions are recognised when the Board has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

l) Revenue and other income

Income is classified by the Board as revenue when it arises from the provision of services in the ordinary course of the Board's business.

Revenue is recognised when service is transferred to the customer at the amount of promised consideration to which the Board is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) Revenue and other income (Continued)

Further details of the Board revenue and other income recognition policies are as follow:

i) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(f)(i)).

ii) Distribution from the Employees' Compensation Insurance Levies Management Board

Net resources received from the Employees' Compensation Insurance Levies Management Board is recognised as revenue in accordance with Section 7 of the Employees' Compensation Insurance Levies Ordinance.

iii) Government payments

Revenue from government payments is recognised in accordance with Section 7 of the Occupational Deafness (Compensation) Ordinance.

iv) Service fee income

Service fee income is recognised when the services are rendered.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Board has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current years. Of these, the following developments are relevant to the Board's financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for HKFRS 16, "Leases", none of the developments have had a material effect on how the Board's results and financial position for the current or prior periods have been prepared or presented. The Board has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 “LEASES”

HKFRS 16 replaces HKAS 17, “Leases”, and the related interpretations, HK(IFRIC) 4, “Determining whether an arrangement contains a lease”, HK(SIC) 15, “Operating leases – incentives”, and HK(SIC) 27, “Evaluating the substance of transactions involving the legal form of a lease”. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Board has initially applied HKFRS 16 as from 1 April 2019. The Board has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Board applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Board has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Board is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Board is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 9. For an explanation of how the Board applies lessee accounting, see note 2(e)(i).

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 LEASES (Continued)

b) Lessee accounting and transitional impact (Continued)

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Board determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019.

The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.43%.

To ease the transition to HKFRS 16, the Board applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- i) the Board elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;
- ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Board applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Board relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 12 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	<u>2020</u> HK\$
Operating lease commitments at 31 March 2019	96,000
Less: total future interest expenses	<u>(1,442)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and total lease liabilities recognised at 1 April 2019	<u>94,558</u>

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 LEASES (Continued)

b) Lessee accounting and transitional impact (Continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Board's statement of financial position:

	Carrying amount at 31 March <u>2019</u> HK\$	Capitalisation of operating lease HK\$	Carrying amount at 1 April <u>2019</u> HK\$
Line items in the statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets	-	94,558	94,558
Total non-current assets	121,698,712	94,558	121,793,270
Total current assets	512,488,078	-	512,488,078
Lease liabilities (current)	-	(70,679)	(70,679)
Current liabilities	(1,980,146)	(70,679)	(2,050,825)
Net current assets	510,507,932	(70,679)	(510,437,253)
Lease liabilities (non-current)	-	(23,879)	(23,879)
Total non-current liabilities	-	(23,879)	(23,879)
Net assets	632,206,644	-	632,206,644

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 LEASES (Continued)

c) Impact on the financial result and cash flows of the Board

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Board as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported deficit from operations in the Board’s income and expenditure account, as compared to the results if HKAS 17 had been applied during the year.

In the statement of cash flows, the Board as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 11). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the statement of cash flow.

4. DISTRIBUTION FROM EMPLOYEES’ COMPENSATION INSURANCE LEVIES MANAGEMENT BOARD

In accordance with Section 7 of the Employees’ Compensation Insurance Levies Ordinance, the Employees’ Compensation Insurance Levies Management Board shall distribute a proportion of its net resources to the Occupational Deafness Compensation Board on a quarterly basis. The resources of the Employees’ Compensation Insurance Levies Management Board mainly consist of a levy imposed on all employees’ compensation insurance premiums.

The proportion of the net resources of the Employees’ Compensation Insurance Levies Management Board to be distributed to the Occupational Deafness Compensation Board for the years ended 31 March 2019 and 2020 was 7/58.

The present rate of levy on employees’ compensation insurance premiums is 5.8% on or after 1 July 2010.

5. GOVERNMENT PAYMENTS

In accordance with Section 7 of the Occupational Deafness (Compensation) Ordinance, the Government has to make payment in respect of the employees engaged in the civil service to the Board.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. OCCUPATIONAL DEAFNESS COMPENSATION

In accordance with Section 14(1) of the Occupational Deafness (Compensation) Ordinance, a person who suffers noise-induced deafness is entitled to compensation if he/she satisfies the Board that he/she fulfils the conditions specified in Section 14(2). Moreover, Section 14A(1) provides that after a person has been awarded compensation on an application under Section 15, the person is entitled to further compensation for any additional permanent incapacity resulting from noise-induced deafness suffered if the Board is satisfied that the person fulfils the conditions specified in Section 14A(2). The term “noise-induced deafness” is defined in Section 2 of the Ordinance. Schedule 5 of the Ordinance sets out how the amount of compensation is to be determined.

7. HEARING ASSISTIVE DEVICES’ FINANCIAL ASSISTANCE EXPENSES

In accordance with Section 27B of the Occupational Deafness (Compensation) Ordinance, a person who fulfils the conditions specified in Section 27B(1) may apply to the Board for reimbursement of expenses he or she has reasonably incurred in the acquisition, fitting, repair or maintenance of a hearing assistive device in connection with his or her noise-induced deafness, or for payment by the Board directly to the device provider of such expenses he or she may reasonably incur. The term “hearing assistive device” is defined in Schedule 6 of the Ordinance. According to Schedule 7 of the Ordinance, the aggregate amount of reimbursement and direct payment of expenses shall not exceed HK\$79,000 per claimant on and after 26 April 2019 (2019: not exceed HK\$57,110 per claimant on and after 1 April 2017).

Until 31 March 2020, the unused amount granted for the Hearing Assistive Devices’ Financial Assistance Scheme was approximately HK\$298,135,000 (2019: HK\$196,300,000).

8. ADMINISTRATIVE EXPENSES

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Auditor’s remuneration:			
- Audit services		61,500	58,500
- Other services		9,720	5,050
Depreciation charge (note i)	9	1,180,442	1,111,983
Amortisation	10	118,333	106,342
General administrative expenses		912,017	676,596
Staff costs			
- Salaries and other benefits		9,986,803	9,468,408
- Retirement benefit		707,904	679,549
		<u>12,976,719</u>	<u>12,106,428</u>

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. ADMINISTRATIVE EXPENSES (Continued)

Note (i)

The Board has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 April 2019, the Board as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under the approach, the comparative information is not restated. See note 3.

9. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings held for <u>own use</u> HK\$	Other properties leased for <u>own use</u> HK\$	IT and AV <u>equipment</u> HK\$	Rehabilitation service <u>equipment</u> HK\$	Furniture and <u>fixtures</u> HK\$	Office <u>equipment</u> HK\$	<u>Total</u> HK\$
Cost							
At 1 April 2018	51,610,839	-	146,826	44,596	6,660	-	51,808,921
Additions	-	-	41,880	2,000	-	-	43,880
At 31 March 2019	51,610,839	-	188,706	46,596	6,660	-	51,852,801
Impact on initial application of HKFRS 16 (Note)	-	94,558	-	-	-	-	94,558
At 1 April 2019	51,610,839	94,558	188,706	46,596	6,660	-	51,947,359
Additions	-	-	43,775	-	12,450	3,878	60,103
At 31 March 2020	<u>51,610,839</u>	<u>94,558</u>	<u>232,481</u>	<u>46,596</u>	<u>19,110</u>	<u>3,878</u>	<u>52,007,462</u>
Accumulated depreciation							
At 1 April 2018	3,096,651	-	69,258	14,865	1,332	-	3,182,106
Charge for the year	<u>1,032,217</u>	<u>-</u>	<u>62,902</u>	<u>15,532</u>	<u>1,332</u>	<u>-</u>	<u>1,111,983</u>
At 31 March 2019 and 1 April 2019	4,128,868	-	132,160	30,397	2,664	-	4,294,089
Charge for the year	<u>1,032,217</u>	<u>70,919</u>	<u>57,177</u>	<u>15,532</u>	<u>3,822</u>	<u>775</u>	<u>1,180,442</u>
At 31 March 2020	<u>5,161,085</u>	<u>70,919</u>	<u>189,337</u>	<u>45,929</u>	<u>6,486</u>	<u>775</u>	<u>5,474,531</u>
Carrying amounts							
At 31 March 2020	<u>46,449,754</u>	<u>23,639</u>	<u>43,144</u>	<u>667</u>	<u>12,624</u>	<u>3,103</u>	<u>46,532,931</u>
At 31 March 2019	<u>47,481,971</u>	<u>-</u>	<u>56,546</u>	<u>16,199</u>	<u>3,996</u>	<u>-</u>	<u>47,558,712</u>

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Note:

The Board has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. See note 3.

Right-of-use assets

The analysis of the net book value of right-of-use assets of underlying asset is as follows:

	<u>Note</u>	31 March <u>2020</u> HK\$	1 April <u>2019</u> HK\$
Ownership interests in leasehold land and buildings held for own use, carried of depreciated costs in Hong Kong	(i)	46,449,754	47,481,971
Properties leased for own use, carried at depreciated cost	(ii)	<u>23,639</u>	<u>94,558</u>
		<u>46,473,393</u>	<u>47,576,529</u>

The analysis of expense items in relation to leases recognised in income and expenditure account is as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$ (Note)
Depreciation charge of right-of-use assets by class of underlying assets:		
Ownership interests in leasehold land and buildings	1,032,217	1,032,217
Properties leased for own use	<u>70,919</u>	<u>-</u>
	<u>1,103,136</u>	<u>1,032,217</u>
Interest on lease liabilities	<u>1,321</u>	<u>-</u>

Note:

The Board has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 April 2019, the Board as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 3.

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

The total cash outflow for leases in 2020 was HK\$72,000.

The maturity analysis of lease liabilities is set out in note 11.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Right-of-use assets (Continued)

- i) Ownership interests in leasehold land and buildings held for own use

The Board holds industrial buildings for its business. The Board is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

- ii) Properties leased for own use

The Board has obtained the right to use properties as its warehouses through tenancy agreements. The leases typically run for an initial period of 2 years. Lease payments remain unchanged.

10. INTANGIBLE ASSETS

	<u>HK\$</u>
Cost	
At 1 April 2018	189,025
Additions	<u>130,000</u>
At 31 March 2019 and 1 April 2019	319,025
Additions	<u>65,000</u>
At 31 March 2020	<u>384,025</u>
Accumulated amortisation	
At 1 April 2018	72,683
Charge for the year	<u>106,342</u>
At 31 March 2019 and 1 April 2019	179,025
Charge for the year	<u>118,333</u>
At 31 March 2020	<u>297,358</u>
Carrying amounts	
At 31 March 2020	<u>86,667</u>
At 31 March 2019	<u>140,000</u>

The amortisation charge for the year is included in "administrative expenses" in the income and expenditure account.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Board's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 March 2020		1 April 2019 (Note)	
	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$
Within 1 year	23,879	24,000	70,679	72,000
After 1 year but within 2 years	-	-	23,879	24,000
	<u>23,879</u>	24,000	<u>94,558</u>	96,000
Less: Total future interest expenses		(121)		(1,442)
Present value of lease liabilities		<u>23,879</u>		<u>94,558</u>

Note:

The Board has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 March 2019 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in note 3.

12. OPERATING LEASE COMMITMENTS

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 HK\$
Within one year	72,000
After one year but within 5 years	24,000
	<u>96,000</u>

The Board is the lessee in respect of a property held under leases which were previously classified as operating leases under HKAS 17. The Board has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Board adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 3). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2(e), and the details regarding the Board's future lease payments are disclosed in note 11.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. TAXATION

The Board has been granted exemption from taxation under Section 88 of the Inland Revenue Ordinance.

14. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Board is exposed to financial risk through its financial instruments. Financial instruments consist of time deposits, interest receivable, cash and cash equivalents and accrued expenses. The most important components of this financial risk are credit risk and interest rate risk.

a) Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Account receivable

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Account receivable is due from the date of billing. Normally, the Board does not obtain collateral from customers.

The Board measures loss allowances for account receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Board's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Board's different customer bases.

Expected loss rates are based on actual loss experience over the past two years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Board's view of economic conditions over the expected lives of the receivables.

b) Interest rate risk

The Board's exposure to market risk for changes in interest rates relates primarily to the bank balances and time deposits. Interest income is charged to income and expenditure account as incurred.

OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS
(Continued)

b) Interest rate risk (Continued)

The Board's interest rate profile as monitored is set out in (i) below.

i) Interest rate profile

	<u>2020</u> HK\$	<u>2019</u> HK\$
Time deposits	569,600,000	583,200,000
Cash and cash equivalents	<u>13,022,372</u>	<u>1,360,861</u>
	<u>582,622,372</u>	<u>584,560,861</u>
Effective interest rate	0.001% - 2.70%	0.001% - 2.45%

ii) Sensitivity analysis

As at 31 March 2020, it is estimated that a general increase/decrease of 20 basis points in interest rates, with all other variables held constant, would decrease/increase the Board's deficit for the year and increase/decrease retained surplus by approximately HK\$1,165,245 (2019: HK\$1,169,122).

The sensitivity analyses above have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 20 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for 2019.

c) Fair value

All financial instruments are carried at amounts approximate their fair values.

15. CAPITAL MANAGEMENT

Capital of the Board comprises accumulated surplus as shown in the statement of financial position.

The Board's primary objectives when managing capital are to safeguard the Board's ability to continue as a going concern and to enable the Board to meet its liabilities as they fall due for the foreseeable future.

The Board's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Board.

**OCCUPATIONAL DEAFNESS COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

In the process of applying the Board's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of assets

The Board assesses whether there are any indicators of impairment for all assets at the end of each reporting period. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the greater of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

17. POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE, FOR THE YEAR ENDED 31 MARCH 2020

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these financial statements.

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

18. COMPARATIVE FIGURES

The Board has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

Requirements and Compensation Calculation Methods under the Occupational Deafness Compensation Scheme

OD is one of the most common occupational diseases detected in Hong Kong. It is caused by prolonged exposure to high level of noise at work, which results in the damage of the nerve cells of the inner ear. Once damaged or destroyed, these nerve cells will not recover. The resulting hearing impairment will be permanent and cannot be cured.

The Occupational Deafness Compensation Scheme provides for the payment of compensation to those employees who suffer from noise-induced hearing loss due to employment in specified noisy occupations. Applicants have to fulfil both the occupational and hearing loss requirements as stipulated by the Ordinance in order to be entitled to receiving compensation.

Occupational Requirements

To meet the occupational requirements, an applicant should have at least 10 years of employment in aggregate in any of the specified noisy occupations in Hong Kong or at least 5 years of employment in the case of 4 occupations that are particularly noisy. Specified noisy occupations refer to those occupations that are specified under the Ordinance, involving either noisy production processes or the use of noisy machinery. At present, 29 noisy occupations are specified, a full list of which is provided in the notes overleaf.



Moreover, an applicant has to be employed under a continuous contract of employment² in any specified noisy occupations in Hong Kong within the 12 months before making an application for compensation.

² An applicant is regarded as having been employed under a continuous contract of employment if he/she has been employed continuously by the same employer for 4 or more weeks and has worked for 18 hours or more in each of such weeks.

Notes: Noisy Occupations Specified under the Occupational Deafness (Compensation) Ordinance

According to Schedule 3 of the Occupational Deafness (Compensation) Ordinance, a noisy occupation is one of the following noisy types. For the particularly noisy types 3, 10, 11 and 25, workers with a minimum of 5 years of employment can apply for compensation.

1. the use of power-driven grinding tools on metal or on billets of metal or blooms, or work wholly or mainly in the immediate vicinity of those tools whilst they are being so used;
2. the use of power-driven percussive tools on metal or on billets of metal or blooms, or work wholly or mainly in the immediate vicinity of those tools whilst they are being so used;
3. the use of power-driven grinding, chiselling, cutting or percussive tools on rocks, concrete or marble, or work wholly or mainly in the immediate vicinity of those tools whilst they are being so used;
4. work wholly or mainly in the immediate vicinity of plant (excluding power press plant) engaged in the forging (including drop stamping) of metal by means of closed or open dies or drop hammers;
5. work in textile manufacturing where the work is undertaken wholly or mainly in rooms or sheds in which there are machines engaged in weaving man-made or natural (including mineral) fibres or in the high speed false twisting of fibres;
6. the use of, or work wholly or mainly in the immediate vicinity of, machines engaged in cutting, shaping or cleaning metal nails or screws;
7. the use of, or work wholly or mainly in the immediate vicinity of, plasma spray guns engaged in the deposition of metal;
8. the use of, or work wholly or mainly in the immediate vicinity of, any of the following machines: multi-cutter moulding machines, planing machines, automatic or semi-automatic lathes, multiple cross-cut machines, automatic shaping machines, double-end tenoning machines, vertical spindle moulding machines (including high-speed routing machines), edge banding machines, bandsawing machines with a blade width of not less than 75 mm and circular sawing machines;
9. the use of chain saws;
10. the use of, or work wholly or mainly in the immediate vicinity of, machines engaged in percussive pile or metal plank driving on construction sites;
11. work wholly or mainly in the immediate vicinity of abrasive blasting operations;
12. the use of, or work wholly or mainly in the immediate vicinity of, machines engaged in grinding of glass;
13. work wholly or mainly in the immediate vicinity of machines engaged in crushing or screening of rocks or stone aggregate;
14. the use of, or work wholly or mainly in the immediate vicinity of, machines engaged in granulating of plastic materials;
15. work wholly or mainly in the immediate vicinity of machines or hand tools engaged in descaling of ships;
16. work wholly or mainly in the immediate vicinity of internal combustion engines or turbines or pressurised fuel burners or jet engines;
17. work wholly or mainly in the immediate vicinity of car body repair, or of making metal articles by manual hammering;

18. the use of, or work wholly or mainly in the immediate vicinity of, machines engaged in extruding of plastic materials;
19. the use of paper corrugating machines, or work wholly or mainly in the immediate vicinity of those machines whilst they are being so used;
20. work wholly or mainly in the immediate vicinity of bleaching and dyeing of fabric involving machines using pressurised steam;
21. work wholly or mainly in the immediate vicinity of glass-bottling lines;
22. work wholly or mainly in the immediate vicinity of metal-can bottling lines;
23. the use of paper folding machines, or work wholly or mainly in the immediate vicinity of those machines whilst they are being so used;
24. the use of high speed web-fed offset printing machines, or work wholly or mainly in the immediate vicinity of those machines whilst they are being so used;
25. work wholly or mainly in the immediate vicinity of gun-firing operation;
26. work wholly or mainly in the immediate vicinity of a place where the electric stunning of pigs for the purpose of slaughter takes place;
27. playing mahjong (as the major duty) inside a mahjong parlour licensed under section 22(1)(b) of the Gambling Ordinance (Cap. 148);
28. preparing or serving drinks (as the main duty) in the immediate vicinity of the dancing area of a discotheque; or
29. controlling or operating a system for playing back and broadcasting recorded music in a discotheque.

<p>Note: The occupations in grey shade are the 4 particularly noisy occupations. An applicant is only required to be engaged in these occupations in aggregate for 5 years, instead of 10 years, in order to fulfil the employment requirement.</p>

Hearing Loss Requirements

Under the Ordinance, an applicant will be determined as suffering from OD if he/she has sensorineural hearing loss, as measured by audiometry averaged over the 1, 2 and 3 kHz frequencies, in the following manner:

- (A) Binaural hearing loss - sensorineural hearing loss amounting to not less than 40 dB in both ears, where such loss of at least one ear is due to noise; or
- (B) Monaural hearing loss - sensorineural hearing loss amounting to not less than 40 dB in only one ear, where such loss is due to noise.

Further Compensation

An applicant who has previously received compensation from the Board shall be entitled to apply for further compensation if he/she fulfils the following requirements:

Occupational Requirements

- Having at least 3 years of employment in aggregate in any specified noisy occupations in Hong Kong after the application date of his/her latest application for which compensation has been approved; and
- Having been employed under a continuous contract in a specified noisy occupation in Hong Kong within the 12 months prior to making the application for further compensation.

Additional Permanent Incapacity Requirements

- Confirmed by hearing test as suffering from noise-induced binaural or monaural hearing loss; and
- The percentage of permanent incapacity of the applicant as determined by the Board is greater than that of the latest application for which compensation has been approved.

Payment of Compensation

Under the Ordinance, the first-time compensation or further compensation is paid in a lump sum calculated with reference to the applicant's age, monthly earnings and percentage of permanent incapacity resulting from OD in the following way:

Age of Applicant	Amount of Compensation	
Under 40	96 months' earnings	Percentage of permanent incapacity (Compensation for the first time) OR Percentage of additional permanent incapacity (Further compensation)
40 to under 56	72 months' earnings	
56 or above	48 months' earnings	

For the purpose of calculating the amount of compensation, the average monthly earnings received by the applicant in his/her last 12 months' employment in specified noisy occupations in Hong Kong prior to the date of application shall be taken as his/her monthly earnings. If the applicant cannot provide documentary evidence on his/her earnings or the evidence provided by him/her is not accepted by the Board, the median monthly employment earnings of the total employed population of Hong Kong published by the Census and Statistics Department will be adopted for computing the compensation amount. Irrespective of which figure is used, the amount is subject to a maximum of HK\$30,530.

In accordance with the newly amended Ordinance, the applicant's monthly earnings have been raised to a maximum of HK\$30,530 from HK\$28,360 for calculating the compensation amount with effect from 26 April 2019.

The percentage of permanent incapacity is determined by the hearing loss suffered by the applicant in both ears. Under the Ordinance, it ranges from a minimum of 0.5% to a maximum of 60%.

最近3年之首次補償申請者所從事的高噪音工作類別

Type of Noisy Occupations Engaged (Compensation for the First Time) for the Most Recent 3 Years

噪音工作 / Noisy Occupation	2017/18		2018/19		2019/20	
	數目 Number	(%)	數目 Number	(%)	數目 Number	(%)
研磨、開鑿、切割或衝擊石塊 Rock grinding, chiselling, cutting or percussion	140	38.6	280	46.0	247	49.7
在內燃機、渦輪機、加壓燃料爐頭或噴射引擎的附近工作 Working near internal combustion engines, turbines, pressurised fuel burners or jet engines	91	25.1	134	22.0	153	30.8
研磨金屬 Metal grinding	67	18.5	77	12.7	37	7.5
撞擊式打樁 Pile driving	27	7.4	57	9.4	33	6.6
使用高速捲筒紙柯式印刷機 High speed web-fed offset printing	12	3.3	35	5.8	9	1.8
噴砂打磨作業 Abrasive blasting operations	3	0.8	5	0.8	8	1.6
使用鑽板機、刨床機、圓鋸機或自動車床 Using routing, planing, circular sawing machines or automatic lathes	5	1.4	7	1.1	5	1.0
使用紙張摺疊機 Using paper folding machines	3	0.8	5	0.8	2	0.4
衝擊金屬 Metal percussion	4	1.1	2	0.3	1	0.2
車身修理或用人手錘鍊製作金屬製品 Car body repair or making metal articles by manual hammering	2	0.5	1	0.2	1	0.2
壓碎塑料 Plastic materials granulation	1	0.3			1	0.2
紡織 Weaving or spinning	7	1.9	4	0.7		
在入玻璃瓶作業線的緊鄰範圍內工作 Working near glass-bottling lines			1	0.2		
清理船舶外殼 Descaling of ships	1	0.3				
總數: Total:	363	100.0	608	100.0	497	100.0

最近3年之再次補償申請者所從事的高噪音工作類別

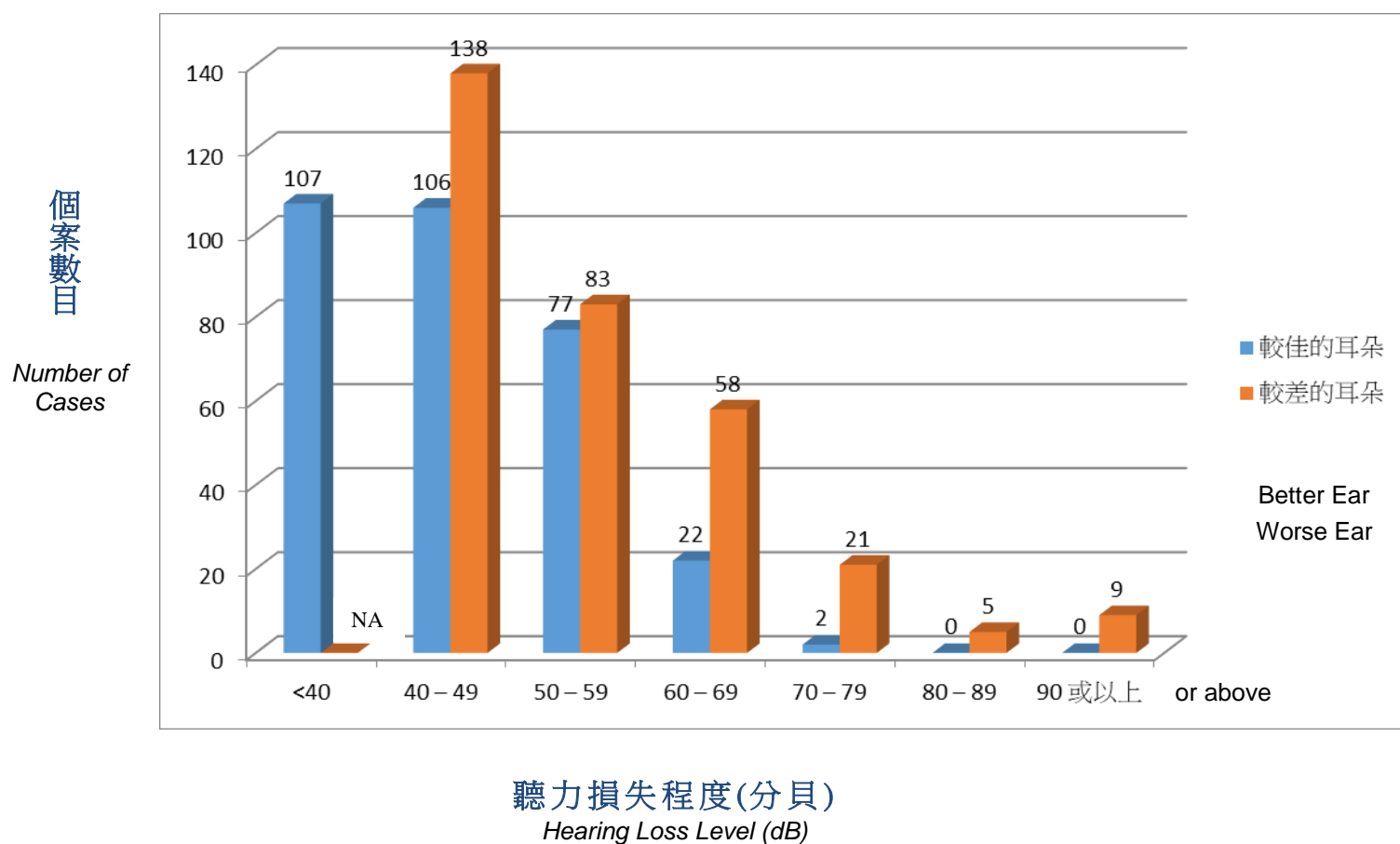
Type of Noisy Occupations Engaged (Further Compensation) for the Most Recent 3 Years

噪音工作 / Noisy Occupation	2017/18		2018/19		2019/20	
	數目 Number	(%)	數目 Number	(%)	數目 Number	(%)
在內燃機、渦輪機、加壓燃料爐頭或噴射引擎的附近工作 Working near internal combustion engines, turbines, pressurised fuel burners or jet engines	23	24.0	23	20.0	32	31.7
研磨、開鑿、切割或衝擊石塊 Rock grinding, chiselling, cutting or percussion	46	48.0	58	50.4	29	28.7
研磨金屬 Metal grinding	16	16.7	15	13.1	25	24.8
使用鑽板機、刨床機、圓鋸機或自動車床 Using routing, planing, circular sawing machines or automatic lathes	7	7.3	6	5.2	5	4.9
撞擊式打樁 Pile driving	1	1.0	6	5.2	5	4.9
噴砂打磨作業 Abrasive blasting operations			4	3.5	3	3.0
衝擊金屬 Metal percussion	1	1.0			1	1.0
在根據《賭博條例》獲發牌照的麻將館內搓麻將並以此作為主要職責 Playing mahjong (as the major duty) inside a mahjong parlour licensed under the Gambling Ordinance					1	1.0
使用高速捲筒紙柯式印刷機 High speed web-fed offset printing	1	1.0	2	1.7		
使用擠出塑料的機器 Using machines engaged in extruding of plastic materials			1	0.9		
紡織 Weaving or spinning	1	1.0				
總數: Total:	96	100.0	115	100.0	101	100.0

獲取首次補償者的聽力損失程度分析圖 (2019/20年度)

Analysis of Approved Cases of First-time Compensation by Level of Hearing Loss (Year 2019/20)

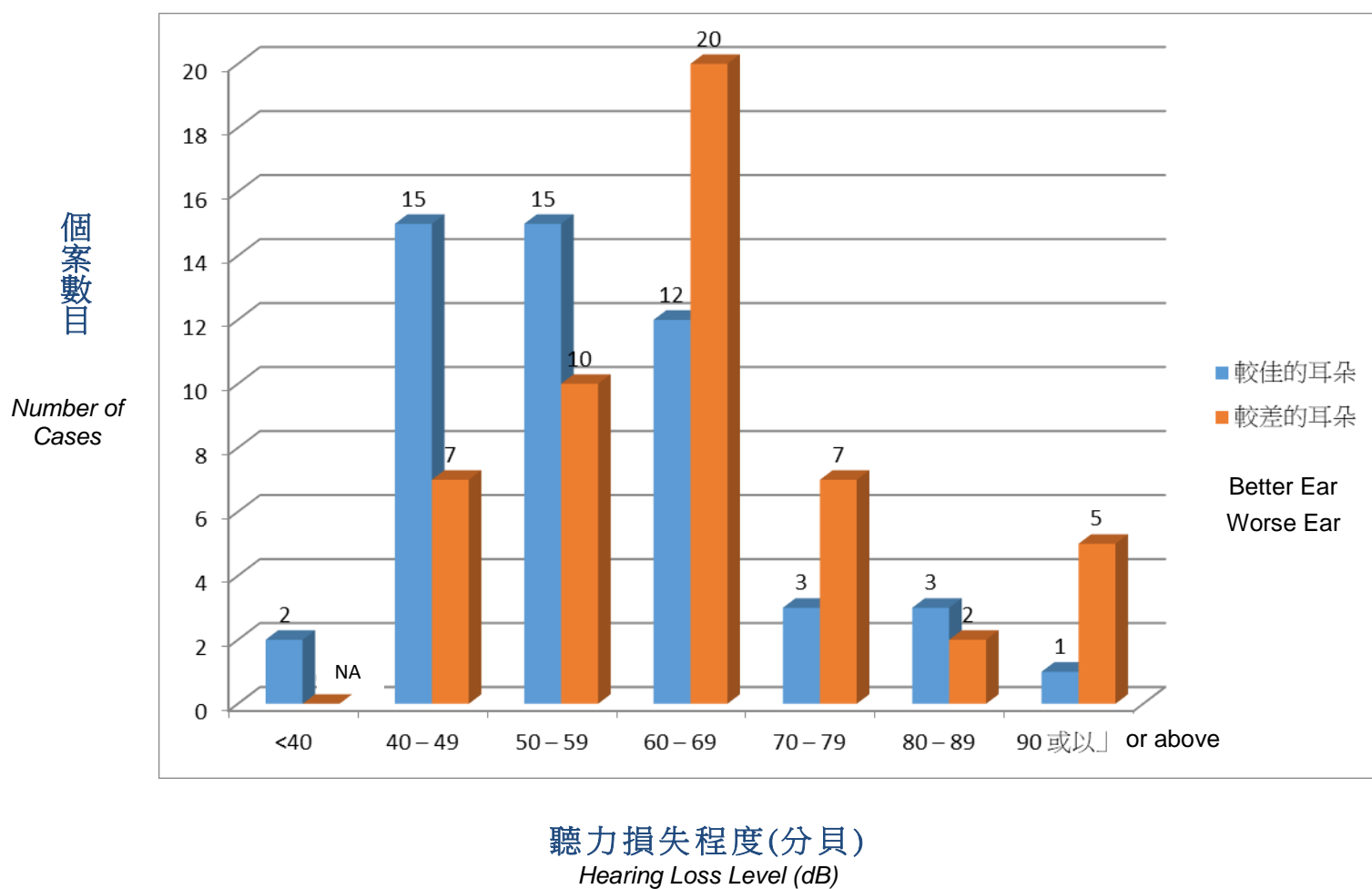
首次補償
First-time
Compensation



獲取再次補償者的聽力損失程度分析圖 (2019/20年度)

Analysis of Approved Cases of Further Compensation by Level of Hearing Loss (Year 2019/20)

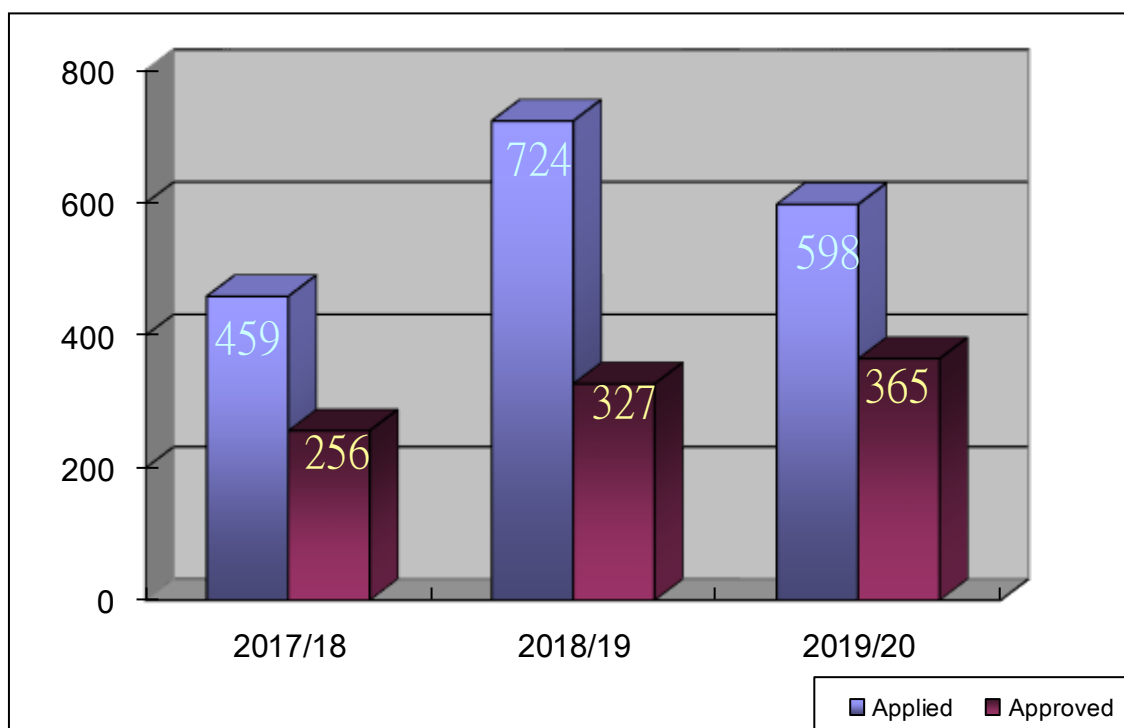
再次補償
Further
Compensation



最近3年之職業性失聰補償申請及獲批個案數字

Applications versus Approved Cases of Occupational Deafness Compensation for the Most Recent 3 Years

個案數目 Number of Cases



申請個案 獲批個案

年份 Year	申請個案 Number of Applications	獲批個案 Number of Approved Cases	補償總金額 (港元) Total Amount of Compensation (HK\$)
2017/18	459	256	\$27,284,549
2018/19	724	327	\$33,135,263
2019/20	598	365	\$35,034,162