



週年財務報告 2014

The Annual Financial
Report 2014

CHRISTIAN FAMILY SERVICE CENTRE
(INCORPORATED UNDER THE HONG KONG
COMPANY ORDINANCE)
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

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The directors present herewith their report and the audited consolidated financial statements for the year ended 31 March, 2014.

Principal activities

The principal activities of Christian Family Service Centre ("the Centre") are the provision of family services, children and youth services, elderly services, rehabilitation services, community development services and health services, etc. to the needy people in Hong Kong with a view to manifesting the love of God and enhancing family life.

The principal activities of its subsidiary are set out in note 9 to the financial statements.

Financial statements

The results of the Group for the year ended 31 March, 2014 and the state of affairs of the Group and the Centre at that date are set out in the consolidated financial statements on pages 5 to 43.

Group status

The Group are companies incorporated in Hong Kong with liability limited by guarantee.

Reserves

Details of movements in the reserves of the Group and of the Centre for the year ended 31 March, 2014 are set out in notes 15 to 34 to the financial statements.

Property, plant and equipment

Details of movements in property, plant and equipment of the Group and of the Centre for the year ended 31 March, 2014 are set out in note 8 to the financial statements.

Directors

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

Mr. Nicholas Chiu Sai-chuen, B.B.S., M.B.E., J.P. (Chairman)
Professor Alex Kwan Yui-huen (Vice-chairman)
Rev. Daniel Li Yat-shing (Hon. Treasurer)
Mr. Chan Wing-kai
Mr. Cheng Wing-for
Mr. Lau Chun-chuen, Karl
Major On Dieu-quang
Rev. Po Kam-cheong
The Hon. Madam Justice Maggie Poon Man-kay
Mr. Thomas Tsang Fuk-chuen
Miss Nora Yau Ho-chun, M.H., J.P.
Dr. Alice Yuk Tak-fun, J.P.
Rev. Yung Chuen-hung
Rev. Wong Chak-tong (appointed on 1 January, 2014)
Rev. Lo Wai-ki (resigned on 31 December, 2013)
Rev. Lui Hing-tong (resigned on 31 December, 2013)

The remaining directors in office will continue to hold office for the coming year.

Directors' interests in contracts of significance

No contract of significance in relation to the Group's business, to which the Centre or its subsidiary was a party and in which a director of the Centre has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' benefits from rights to acquire shares or debentures

At no time during the year was the Centre or its subsidiary to any arrangements to enable the directors of the Centre to acquire benefits by means of the acquisition of shares in, or debentures of the Centre or any other body corporate.

Auditor

The financial statements have been audited by Messrs. Fan, Chan & Co., Certified Public Accountants, who now retire and offer themselves for re-appointment.

For and on behalf of the Board



Chairman

Dated, 10 September, 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHRISTIAN FAMILY SERVICE CENTRE**

(incorporated in Hong Kong and limited by guarantee)

We have audited the consolidated financial statements of Christian Family Service Centre (the "Centre") and its subsidiary (together "the Group") set out on pages 5 to 43, which comprise the consolidated and Centre statements of financial position as at 31 March, 2014, and the consolidated income and expenditure account, the consolidated statement of cash flows and the consolidated statement of changes in reserves and funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Centre are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, the "Lump Sum Grant Manual", the "Guide to Social Welfare Subventions", the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Community Care Fund Programme and other instructions issued by the Director of Social Welfare, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit, and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Centre's preparation of consolidated financial statements that give a true and fair view 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 Centre's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHRISTIAN FAMILY SERVICE CENTRE

(incorporated in Hong Kong and limited by guarantee)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Centre and of the Group as at 31 March, 2014, and of the Group's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance, the "Lump Sum Grant Manual", the "Guide to Social Welfare Subventions" and compiled with the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Community Care Fund Programme and other instructions issued by the Director of Social Welfare.

Fan, Chan & Co.

Fan, Chan & Co.
Certified Public Accountants
Hong Kong, 10 September, 2014

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2014

	2014 HK\$	2013 HK\$
Income		
Social Welfare Department subvention	242,496,609.80	234,541,130.35
Other Government subsidy	9,540,620.78	6,924,452.44
Community Chest Allocation	3,163,253.40	5,374,859.83
Hong Kong Jockey Club Charities Trust subvention	1,764,690.36	2,799,963.25
Other project grants	9,236,633.25	9,927,376.34
Fee income	60,355,340.16	55,748,150.75
Programme income	24,331,386.66	21,200,230.69
Donations	11,157,016.97	19,081,785.41
Bank interest income	408,887.31	264,283.30
Investment income	2,314,395.69	3,231,373.64
Other income	974,999.48	827,107.90
Total income	365,743,833.86	359,920,713.90
Deduct :		
Expenditures		
Personal emoluments	252,989,035.22	232,374,917.73
Staff incentive and allowance	2,631,209.25	2,009,145.40
Staff benefits and training	3,732,939.98	2,970,606.95
Administrative expenses	4,049,140.35	3,545,927.04
Utilities expenses	6,931,531.04	6,665,617.15
Stores and equipment	26,698,763.53	19,885,878.52
Insurance premium for office	2,185,547.96	1,983,131.15
Publicity and promotion expenses	380,064.60	376,651.62
Programme expenses	18,441,533.31	14,882,340.98
Hire of services	7,192,292.05	5,872,122.67
Transportation and travelling	3,143,023.46	4,603,548.20
Home environment improvement scheme for the elderly	-	2,320,877.00
Central item expenses (other than personal emoluments)	-	615,084.10
Food for clients	9,674,582.77	9,261,634.26
Incentive payment for clients	902,323.43	866,932.01
Clients' medical care and supplies	5,956,867.09	4,947,935.59
Insurance premium for clients	65,279.88	39,543.88
Rent and rates	12,300,913.43	10,489,918.52
Miscellaneous	1,562,993.75	7,763,979.11
Total expenditures	358,838,041.10	331,475,791.88
Surplus before transfer to restricted and designated reserves	6,905,792.76	28,444,922.02

CHRISTIAN FAMILY SERVICE CENTRE
 CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 MARCH, 2014

	2014 HK\$	2013 HK\$
Transferring from/(to):		
- Restricted reserves	511,598.11	(15,967,259.99)
- Designated reserves	(549,927.79)	1,276,899.88
Surplus for the year	6,867,463.08	13,754,561.91
Transfer from/(to) Unrestricted reserves	2,455,901.70	(1,616,523.81)
General fund	9,323,364.78	12,138,038.10

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH, 2014

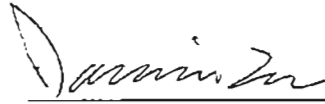
	Note	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	(8)	44,285,186.05	35,970,285.88
Available-for-sale investments	(10)	57,708,245.48	64,024,970.11
		<u>101,993,431.53</u>	<u>99,995,255.99</u>
Current assets			
Other receivables, deposits and prepayments	(11)	9,325,280.57	7,221,623.98
Lotteries Fund receivables	(12)	-	741,783.36
Pledged deposits	(13)	2,019,923.10	1,380,295.10
Cash and cash equivalents	(13)	89,269,583.30	78,620,209.97
		<u>100,614,786.97</u>	<u>87,963,912.41</u>
Current liabilities			
Bank overdraft		-	36,950.71
Accruals and other payables	(14)	16,123,243.58	13,805,180.23
Deferred income		30,771,592.66	23,046,628.50
		<u>46,894,836.24</u>	<u>36,888,759.44</u>
Net current assets		<u>53,719,950.73</u>	<u>51,075,152.97</u>
Net assets		<u>155,713,382.26</u>	<u>151,070,408.96</u>
Representing: -			
General fund			
- Accumulated surplus	(15)	38,782,878.30	29,459,513.52
Restricted reserves			
- SWD Lump Sum Grant reserve	(16)	20,842,156.45	25,071,973.02
- SWD provident fund reserve	(17)	21,552,211.24	18,909,003.70
- Other restricted reserves	(18)	21,900,597.06	17,629,702.36
Capital project and restricted funds	(28)	(2,588,467.34)	1,215,299.90
Designated reserves	(33)	6,957,574.99	8,071,907.21
Unrestricted reserves	(34)	46,228,070.74	47,387,538.63
Fair value reserve		2,038,360.82	3,325,470.62
Total reserves and funds		<u>155,713,382.26</u>	<u>151,070,408.96</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH, 2014

The consolidated financial statements were approved and authorised for issue by the Board on 10 September, 2014 and are signed on its behalf by:



Chairman



Hon. Treasurer



Chief Executive

CHRISTIAN FAMILY SERVICE CENTRE

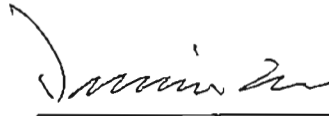
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH, 2014

	Note	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	(8)	44,242,599.56	35,935,741.80
Interest in a subsidiary	(9)	-	-
Available-for-sale investments	(10)	57,708,245.48	64,024,970.11
		101,950,845.04	99,960,711.91
Current assets			
Other receivables, deposits and prepayments	(11)	8,955,215.59	7,141,837.60
Lotteries Fund receivables	(12)	-	741,783.36
Amount due from a subsidiary		-	180,701.62
Pledged deposits	(13)	2,019,923.10	1,380,295.10
Cash and cash equivalents	(13)	89,118,908.47	77,534,301.76
		100,094,047.16	86,978,919.44
Current liabilities			
Bank overdraft		-	36,950.71
Accruals and other payables	(14)	15,991,197.97	12,959,696.99
Amount due to a subsidiary		238,197.42	-
Deferred income		30,771,592.66	23,046,628.50
		47,000,988.05	36,043,276.20
Net current assets		53,093,059.11	50,935,643.24
Net assets		155,043,904.15	150,896,355.15
Representing: -			
General fund			
- Accumulated surplus	(15)	38,782,878.30	29,459,513.52
Restricted reserves			
- SWD Lump Sum Grant reserve	(16)	20,842,156.45	25,071,973.02
- SWD provident fund reserve	(17)	21,552,211.24	18,909,003.70
- Other restricted reserves	(18)	22,557,234.43	18,310,664.12
Capital project and restricted funds	(28)	(2,588,467.34)	1,215,299.90
Designated reserves	(33)	6,957,574.99	8,071,907.21
Unrestricted reserves	(34)	44,901,955.26	46,532,523.06
Fair value reserve		2,038,360.82	3,325,470.62
Total reserves and funds		155,043,904.15	150,896,355.15

The financial statements were approved and authorised for issue by the Board on 10 September, 2014 and are signed on its behalf by:



Chairman



Hon. Treasurer



Chief Executive

CHRISTIAN FAMILY SERVICE CENTRE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2014

	2014 HK\$	2013 HK\$
Operating activities		
Surplus before transfer to restricted and designated reserves	6,905,792.76	28,444,922.02
Net payment on SWD Lump Sum Grant reserve fund	(1,890.20)	(977,361.67)
Net payment on Other restricted reserves	(41,909.78)	(1,182,740.91)
Net payment on Capital project and restricted funds	(4,252.30)	(1,088,631.21)
Net payment on Designated reserves	(146,210.83)	(177,804.73)
Net payment on Unrestricted reserves	(131,503.19)	(160,115.03)
Adjustments for:		
Depreciation	18,651,355.71	16,906,034.89
Interest income	(408,887.31)	(264,283.30)
Surplus recovery	-	6,676.51
Gain on disposal of available-for-sale investments	(254,066.10)	(829,617.91)
Operating surplus before changes in working capital	24,568,428.76	40,677,078.66
(Increase)/decrease in other receivables, deposits and prepayments	(2,103,656.59)	106,686.17
Increase in pledged deposits	(639,628.00)	(14,227.80)
Decrease in Lotteries Fund receivables	91,840.00	1,038,258.29
Increase/(decrease) in accruals and other payables	2,318,063.35	(1,346,896.94)
Increase/(decrease) in deferred income	7,724,964.16	(2,174,633.67)
Cash flow from operating activities	31,960,011.68	38,286,264.71
Investing activities		
Interest received	408,887.31	264,283.30
Purchases of property, plant and equipment	(26,966,255.88)	(18,794,846.50)
Proceeds from sale of available-for-sale investments	10,157,600.67	21,163,626.47
Purchases of available-for-sale investments	(4,873,919.74)	(27,700,068.10)
Cash flow used in investing activities	(21,273,687.64)	(25,067,004.83)
Net increase in cash and cash equivalents	10,686,324.04	13,219,259.88
Cash and cash equivalents at the beginning of the year	78,583,259.26	65,363,999.38
Cash and cash equivalents at the end of the year	89,269,583.30	78,583,259.26
Analysis of balances of cash and cash equivalents		
Cash and bank balances	89,269,583.30	78,620,209.97
Bank overdraft	-	(36,950.71)
	89,269,583.30	78,583,259.26

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH, 2014**

	General fund HK\$	Lump Sum Grant reserve fund HK\$	SWD provident fund reserve HK\$	Other restricted reserves HK\$	Capital project and restricted funds HK\$	Designated reserves HK\$	Unrestricted reserves HK\$	Fair value reserve HK\$	Total HK\$
At 1 April, 2012	17,314,798.91	25,530,215.17	16,598,767.19	5,676,539.31	2,303,931.11	9,520,611.82	45,931,129.85	1,117,259.94	129,987,253.30
Adjustment for deficit recovery	6,878.51	-	-	-	-	-	-	-	6,878.51
Surplus for the year	12,138,036.10	2,631,358.03	-	13,135,903.96	-	(1,276,899.88)	1,616,523.81	-	28,444,922.02
Other Comprehensive income	-	-	-	-	-	-	-	-	-
Funds transfer	-	(2,312,236.51)	2,312,236.51	-	-	-	-	-	-
Interest income	-	-	-	-	163.14	61.65	-	-	224.79
Amount refunded to Government	-	(977,361.67)	-	(1,182,740.91)	(20,522.60)	-	-	-	(2,160,625.18)
Block grant received	-	-	-	-	2,551,000.00	-	-	-	2,551,000.00
Block grant expenditure	-	-	-	-	(2,414,603.72)	-	-	-	(2,414,603.72)
Receipts	-	-	-	-	928,135.00	-	-	-	928,135.00
Payment	-	-	-	-	(2,132,803.03)	-	-	-	(2,132,803.03)
Reversal of depreciation	-	-	-	-	-	(177,868.38)	(160,115.03)	-	(337,981.41)
Change in fair value of available-for-sales investments	-	-	-	-	-	-	-	2,208,210.68	2,208,210.68
Net surplus / (deficit)	12,144,714.61	(458,242.15)	2,312,236.51	11,953,163.05	(1,088,631.21)	(1,454,704.61)	1,456,408.78	2,208,210.68	27,073,155.66
At 31 March, 2013	29,459,513.52	25,071,973.02	18,909,003.70	17,629,702.36	1,215,299.90	8,071,907.21	47,387,530.63	3,325,470.62	151,070,408.96

CHRISTIAN FAMILY SERVICE CENTRE
 CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS
 FOR THE YEAR ENDED 31 MARCH, 2014

	General fund	Lump Sum Grant reserve fund	SWD provident fund reserve	Other restricted reserves	Capital project and restricted funds	Designated reserves	Unrestricted reserves	Fair value reserve	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April, 2013	29,459,513.52	25,071,973.02	18,999,003.70	17,629,702.36	1,215,299.90	8,071,907.21	47,387,538.63	3,325,470.62	151,070,408.96
Surplus/(deficit) for the year	9,323,364.78	(1,584,718.83)	-	4,312,804.48	(3,238,863.76)	549,927.79	(2,455,901.70)	-	6,905,792.76
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Funds transfer	-	(2,643,207.54)	2,643,207.54	-	90,112.18	(1,518,049.18)	1,427,937.00	-	-
Transfer from Lotteries Fund	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	(649,943.36)	-	-	-	(649,943.36)
Interest income	-	-	-	-	-	30.55	-	-	30.55
Amount refunded to Government	-	(1,890.20)	-	(34,293.78)	(4,252.30)	-	-	-	(40,436.28)
Payment	-	-	-	(7,616.00)	-	-	-	-	(7,616.00)
Reversal of depreciation	-	-	-	-	-	(146,241.38)	(131,503.19)	-	(277,744.57)
Change in fair value of available-for-sales investments	-	-	-	-	-	-	-	(1,287,109.80)	(1,287,109.80)
Net surplus / (deficit)	9,323,364.78	(4,229,816.57)	2,643,207.54	4,270,894.70	(3,803,767.24)	(1,114,332.22)	(1,159,467.89)	(1,287,109.80)	4,642,973.30
At 31 March, 2014	38,782,878.30	20,842,156.45	21,552,211.24	21,900,597.06	(2,588,467.34)	6,957,574.99	46,228,070.74	2,038,360.82	155,713,382.26

1. General information

Christian Family Service Centre ("The Centre") was incorporated on 20 July, 1971 as a company limited by guarantee incorporated in Hong Kong. The address of Centre's registered office and the principal place of operation is located at 10/F., 3 Tsui Ping Road, Kwun Tong, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Centre.

During the year, the principal activities of the Centre are the provision of family services, children and youth services, elderly services, rehabilitation services, community development services and health services, etc. to the needy people in Hong Kong with a view to manifesting the love of God and enhancing family life.

The principal activities of the Centre's subsidiary are set out in note 9.

2. Application of new and revised Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively 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"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Centre. Of these, the following developments are relevant to the Group's financial statements.

- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

Except as described below, the application of the new HKFRSs and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards (continued)

HKFRS 10 – Consolidated Financial Statements

The standard is effective for accounting periods beginning on or after 1 January, 2013. HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 9.

HKFRS 13 – Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

HKFRS 13 requires prospective application from 1 January, 2013. Other than the additional disclosures in note 39, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards (continued)

The Group has not applied the new, revised and amendments to HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new, revised and amendments to HKFRSs but it is not yet in a position to state whether these new, revised and amendments to HKFRSs would have a material impact on its results of operations and financial position.

3. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments, which are stated at their fair value, as explained in the respective accounting policy as set out below.

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

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 consolidated financial statements and estimates with significant risk of material adjustments in the next year are discussed in note 4.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Centre and its subsidiary. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The results of subsidiary acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Significant accounting policies (continued)

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following basis:

- (i) Subvention income is recognised in the accounting period which generally matched with the related costs incurred.
- (ii) Donation income is recognised when the income is received from donors.
- (iii) Fee income and programme income are recognised when the relevant services are rendered; and
- (iv) Interest income is recognised as it accrues using the effective interest method.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of goods and services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation on property, plant and equipment is provided to write off the cost of items over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in surplus or deficit in the year in which the item is derecognised.

Subsidiaries

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power over the entity.

In the Centre's statement of financial position, investments in subsidiary is stated at cost less any impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis. The results of subsidiary are accounted for by the Company on the basis of dividends received and receivable.

3. Significant accounting policies (continued)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether its tangible non-financial assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash generating unit). If the recoverable amount of an asset or a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Available-for-sale financial assets are subsequently carried at fair value.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in fair value reserve are included in income and expenditure account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in income and expenditure. Dividends on available-for-sale equity instruments are recognised in income and expenditure when the Group's right to receive payment is established.

The Group assesses at end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income and expenditure account - is removed from other comprehensive income and recognised in income and expenditure account. Impairment losses on equity instruments classified as available-for-sale are not reversed through income and expenditure account. Impairment losses on debt instruments classified as available-for-sale are reversed through income and expenditure account, if the increase in the fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in income and expenditure account.

3. Significant accounting policies (continued)

Receivables, deposits and prepayments

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment loss. Impairment loss on other receivables, deposits and prepayment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in income and expenditure account.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Accruals and other payables

Accruals and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to income and expenditure on the straight line basis over the lease terms.

Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the grant is credited to a deferred income account and is released to surplus or deficit over the expected useful life of the relevant asset by equal annual instalments/deducted from the carrying amount of the asset and released to surplus or deficit by way of a reduced depreciation charge.

Employee benefits

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

3. Significant accounting policies (continued)

Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of group companies which have a functional currency other than Hong Kong Dollars ("HKD") are translated into HKD at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions are used. Assets and liabilities are translated into HKD at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income.

Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group 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 nonoccurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Reserves

The reserves are classified as restricted reserves, capital project and restricted funds, designated reserves and unrestricted reserves, according to the level of rigidity of external control.

Restricted reserves, capital project and restricted funds are strictly and rigidly designated for specific purpose and governed by the funding bodies.

Capital nature or non-recurrent projects are categorised into capital project and restricted funds. They are subject to claw back, or expenditure governed by independent governing bodies.

Designated reserve is for specific purpose and governed by internal rules or respecting the wishes of donors or funders.

Unrestricted reserve is not restricted for specific purpose but with switching flexibility as delegated by the management.

4. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technologically obsolete or non-strategic assets that have been abandoned or sold.

Valuation of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the recoverable amount below its cost. The determination of when a decline in recoverable amount below its cost is not recoverable within a reasonable time period is judgmental by nature, so profit and loss could be affected by differences in this judgement.

5. Surplus for the year

	2014 HK\$	2013 HK\$
Surplus for the year is arrived at after charging the following items:		
Contributions to the defined contribution retirement plans	16,138,273.55	14,857,682.70
Salaries, allowances and other benefits in kind	243,214,910.90	222,496,987.38
Total staff costs	259,353,184.45	237,354,670.08
Auditor's remuneration	142,800.00	199,700.00
Depreciation	18,651,355.71	16,906,034.89
Operating leases charges - buildings	8,665,940.20	7,283,985.90

6. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group is exempt from Hong Kong taxation under section 88 of the Inland Revenue Ordinance.

7. Directors' remuneration

During the years ended 31 March, 2014 and 2013, no amounts have been paid in respect of directors' fees and emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

8. Property, plant and equipment

The Group's headquarters is situated at 3 Tsui Ping Road, Kwun Tong, Kowloon, Hong Kong. The building costs of the headquarters have been financed by Designated reserves, Lotteries Fund and funds raised from flag day. The building costs of the headquarters are charged immediately against the respective accounts of Designated reserves, Lotteries Fund and flag day funds. The land of the headquarters was donated to the Group in previous year and is situated in Hong Kong held on medium lease term. The land of headquarters is stated at nominal value of HK\$1.00.

The Group and Centre

	Building cost of headquarters HK\$
At cost	
At 1 April, 2012 31 March, 2013 and 2014	93,000,000.00
Charged against Designated reserves and Lotteries Fund	
At 1 April, 2012, 31 March, 2013 and 2014	93,000,000.00
Net book value	
At 31 March, 2013 and 2014	-

8. Property, plant and equipment (continued)

Group	Land HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
Cost					
At 1 April, 2013	1.00	33,711,154.45	11,830,418.20	56,389,995.28	101,931,568.93
Additions	-	5,098,297.15	4,074,648.30	17,793,310.43	26,966,255.88
At 31 March, 2014	1.00	38,809,451.60	15,905,066.50	74,183,305.71	128,897,824.81
Accumulated depreciation					
At 1 April, 2013	-	27,611,009.12	7,329,738.04	31,020,535.89	65,961,283.05
Charge for the year	-	5,125,821.08	2,471,479.42	11,054,055.21	18,651,355.71
At 31 March, 2014	-	32,736,830.20	9,801,217.46	42,074,591.10	84,612,638.76
Net Book Value					
At 31 March, 2014	1.00	6,072,621.40	6,103,849.04	32,108,714.61	44,285,186.05

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

8. Property, plant and equipment (continued)

Group	Land HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
Cost					
At 1 April, 2012	1.00	28,058,356.14	10,260,822.20	44,817,543.09	83,136,722.43
Additions	-	5,652,798.31	1,569,596.00	11,572,452.19	18,794,846.50
At 31 March, 2013	1.00	33,711,154.45	11,830,418.20	56,389,995.28	101,931,568.93
Accumulated depreciation					
At 1 April, 2012	-	22,141,758.69	4,963,656.16	21,949,833.31	49,055,248.16
Charge for the year	-	5,469,250.43	2,366,081.88	9,070,702.58	16,906,034.89
At 31 March, 2013	-	27,611,009.12	7,329,738.04	31,020,535.89	65,961,283.05
Net Book Value					
At 31 March, 2013	1.00	6,100,145.33	4,500,680.16	25,369,459.39	35,970,285.88

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

8. Property, plant and equipment (continued)

Centre	Land HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
Cost					
At 1 April, 2013	1.00	33,709,258.33	11,830,418.20	56,348,395.28	101,888,072.81
Additions	-	5,080,817.15	4,074,648.30	17,793,310.43	26,948,775.88
At 31 March, 2014	1.00	38,790,075.48	15,905,066.50	74,141,705.71	128,836,848.69
Accumulated depreciation					
At 1 April, 2013	-	27,610,377.08	7,329,738.04	31,012,215.89	65,952,331.01
Charge for the year	-	5,124,703.49	2,471,478.42	11,045,735.21	18,641,918.12
At 31 March, 2014	-	32,735,080.57	9,801,217.46	42,057,951.10	84,594,249.13
Net Book Value					
At 31 March, 2014	1.00	6,054,994.91	6,103,849.04	32,083,754.61	44,242,599.56

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

8. Property, plant and equipment (continued)

Centre	Land HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
Cost					
At 1 April, 2012	1.00	28,058,356.14	10,260,822.20	44,817,543.09	83,136,722.43
Additions	-	5,650,902.19	1,569,596.00	11,530,852.19	18,751,350.38
At 31 March, 2013	1.00	33,709,258.33	11,830,418.20	56,348,395.28	101,888,072.81
Accumulated depreciation					
At 1 April, 2012	-	22,141,758.69	4,963,656.16	21,949,833.31	49,055,248.16
Charge for the year	-	5,468,618.39	2,366,081.88	9,062,382.58	16,897,082.85
At 31 March, 2013	-	27,610,377.08	7,329,738.04	31,012,215.89	65,952,331.01
Net Book Value					
At 31 March, 2013	1.00	6,098,881.25	4,500,680.16	25,336,179.39	35,935,741.80

The above items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Furniture, fixtures and equipment	3 years
Motor vehicles	5 years
Renovation	5 years

The leasehold land and building is situated in Hong Kong held under medium lease term.

CHRISTIAN FAMILY SERVICE CENTRE
 NOTES TO THE FINANCIAL STATEMENTS
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9. Interest in a subsidiary

At 31 March, 2014, particulars of the subsidiary are as follows:

Name	Place of incorporation	Principal activity
Christian Family Service Centre Dental Services Limited	Hong Kong	Provision of dental and ancillary services on a non-profit-making basis to improve the oral health of people

The Company is incorporated in Hong Kong with liability limited by guarantee.

10. Available-for-sale investments

	The Group and Centre	
	2014 HK\$	2013 HK\$
At fair value		
Debt securities, listed overseas	48,507,036.60	56,148,809.18
Equity securities, listed overseas	9,201,208.88	7,876,160.93
	57,708,245.48	64,024,970.11

11. Other receivables, deposits and prepayments

	The Group		The Centre	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Utility and other deposits	1,359,158.07	1,368,408.07	1,358,058.07	1,367,308.07
Sundry debtors and prepayments	7,966,122.50	5,853,215.91	7,597,157.52	5,774,529.53
	9,325,280.57	7,221,623.98	8,955,215.59	7,141,837.60

12. Lotteries Fund receivables

	The Group and Centre	
	2014 HK\$	2013 HK\$
Receivable from Social Welfare Department	-	741,783.36

13. Pledged bank deposits and cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

At 31 March, 2014, bank balances amounting to HK\$2,019,923.10 (2013: HK\$1,380,295.10) were pledged to banks for securing credit facilities granted to the Group.

14. Accruals and other payables

	The Group		The Centre	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Accounts payables and receipt in advance	13,365,332.29	2,263,070.27	13,239,819.74	1,507,070.27
Accruals and provisions	2,236,310.19	11,025,708.86	2,229,777.13	10,936,225.62
Deposits received	521,601.10	516,401.10	521,601.10	516,401.10
	<u>16,123,243.58</u>	<u>13,805,180.23</u>	<u>15,991,197.97</u>	<u>12,959,696.99</u>

15. General fund

	The Group and Centre	
	2014	2013
	HK\$	HK\$
Surplus brought forward	29,459,513.52	17,314,798.91
Adjustment of deficit recovery	-	6,676.51
	<u>29,459,513.52</u>	<u>17,321,475.42</u>
Surplus for the year	9,323,364.78	12,138,038.10
	<u>38,782,878.30</u>	<u>29,459,513.52</u>

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

16. SWD Lump Sum Grant reserve fund

	<u>The Group and Centre</u>	
	2014 HK\$	2013 HK\$
(a) Lump Sum Grant		
Balance brought forward	14,857,977.74	17,110,094.68
(Deficit)/surplus for the year	(1,913,538.44)	60,119.57
Transfer to Central items	(1.45)	-
Transfer to SWD Provident fund reserve	(2,643,207.54)	(2,312,236.51)
Balance carried forward	10,301,230.31	14,857,977.74
(b) Interest income		
Balance brought forward	7,549,535.84	7,061,392.40
Interest income for the year	120,498.07	488,143.44
Balance carried forward	7,670,033.91	7,549,535.84
(c) Rent and rates		
Balance brought forward	(264,578.84)	(1,471,956.34)
(Deficit)/surplus for the year	(1,028,837.60)	1,393,104.90
Recovery of rent and rates for 2011/12	(1,890.20)	-
Refund to Government	-	(185,727.40)
Balance carried forward	(1,295,306.64)	(264,578.84)
(d) Central items		
Balance brought forward	2,929,038.28	2,830,684.43
Surplus for the year	1,237,159.14	889,988.12
Transfer from Lump Sum Grant	1.45	-
Refund to Government	-	(791,634.27)
Balance carried forward	4,166,198.87	2,929,038.28
Total	20,842,156.45	25,071,973.02

17. SWD provident fund reserve

	<u>The Group and Centre</u>	
	2014 HK\$	2013 HK\$
Balance brought forward	18,909,003.70	16,596,767.19
Transfer from SWD Lump Sum Grant reserve fund		
Existing staff	603,743.78	313,982.74
6.8% and other posts	2,039,463.76	1,998,253.77
	2,643,207.54	2,312,236.51
Balance carried forward	21,552,211.24	18,909,003.70

CHRISTIAN FAMILY SERVICE CENTRE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

18. Other restricted reserves

	The Group		The Centre	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
SWD one-off grant (Note 19)	87,112.60	87,112.60	87,112.60	87,112.60
Community chest fund (Note 20)	(3,720,942.21)	(2,062,527.32)	(3,720,942.21)	(2,062,527.32)
HKJC charities trust reserve (Note 21)	(746,507.72)	(262,518.84)	(746,507.72)	(262,518.84)
Other project grant reserves (Note 22)	1,960,034.29	1,535,496.81	1,960,034.29	1,535,496.81
Other government subvention reserves (Note 23)	(6,962,047.47)	(2,127,553.52)	(6,305,410.10)	(1,446,591.76)
Education Bureau reserve (Note 24)	461,944.22	(427,653.75)	461,944.22	(427,653.75)
Chinese Medicine Centre for Training and Research reserve (Note 25)	1,512,210.03	88,492.72	1,512,210.03	88,492.72
SWD surplus fund (Note 26)	29,308,793.32	20,798,853.66	29,308,793.32	20,798,853.66
Additional Resources for Para-medical staff (Note 27)	-	-	-	-
	21,900,597.06	17,629,702.36	22,557,234.43	18,310,664.12

19. SWD one-off grant

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward and carried forward	87,112.60	87,112.60

20. Community chest fund

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	(2,062,527.32)	(2,697,998.34)
(Deficit) /surplus for the year	(1,658,414.89)	635,471.02
Balance carried forward	(3,720,942.21)	(2,062,527.32)

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

21. HKJC charities trust reserve

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	(262,518.84)	(1,060,337.79)
Add : Receipts	-	890,000.00
(Deficit) /surplus for the year	(483,988.88)	797,818.95
	(746,507.72)	627,481.16
Less : Payments	-	(890,000.00)
Balance carried forward	(746,507.72)	(262,518.84)

22. Other project grant reserves

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	1,535,496.81	2,102,687.48
Surplus for the year	455,594.47	461,078.86
Refund to Government	(31,056.99)	(1,178,269.53)
Transfer from SWD projects reserves	-	150,000.00
Balance carried forward	1,960,034.29	1,535,496.81

23. Other government subvention reserves

	The Group		The Centre	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Balance brought forward	(2,127,553.52)	(1,676,620.84)	(1,446,591.76)	(1,676,620.84)
Payment	(7,616.00)	-	(7,616.00)	-
(Deficit)/surplus for the year	(4,826,877.95)	(450,932.68)	(4,851,202.34)	230,029.08
Balance carried forward	(6,962,047.47)	(2,127,553.52)	(6,305,410.10)	(1,446,591.76)

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2014

24. Education Bureau reserve

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	(427,653.75)	(773,867.08)
Surplus for the year	891,991.05	348,537.33
Refund to Government	(2,393.08)	(2,324.00)
Balance carried forward	461,944.22	(427,653.75)

25. Chinese Medicine Centre for Training and Research reserve

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	88,492.72	(672,131.71)
Surplus for the year	1,423,717.31	760,624.43
Balance carried forward	1,512,210.03	88,492.72

26. SWD surplus fund

	The Group and Centre	
	2014 HK\$	2013 HK\$
(a) SWD Lotteries fund reserve		
Balance brought forward	20,949,769.08	10,546,276.80
Surplus for the year	8,931,519.97	10,403,492.28
Balance carried forward	29,881,289.05	20,949,769.08
(b) SWD projects reserves		
Balance brought forward	(150,915.42)	(178,581.81)
Deficit for the year	(420,736.60)	179,813.77
Refund to Government	(843.71)	(2,147.38)
Transfer to Other project grant reserves	-	(150,000.00)
Balance carried forward	(572,495.73)	(150,915.42)
Total	29,308,793.32	20,798,853.66

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27. Additional Resources for Para-medical staff

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	-	-
Add: Additional Resources for Para-medical Staff received	1,769,900.00	1,769,900.00
	1,769,900.00	1,769,900.00
Less: Expenditures		
Personal Emolument (Additional portion paid from Lotteries Fund)		
Salary	(1,690,760.00)	(1,685,619.00)
Provident Fund	(79,140.00)	(84,281.00)
Allowances	-	-
Others	-	-
Hire of services (Additional portion paid from Lotteries Fund)		
Fee	-	-
Others	-	-
	(1,769,900.00)	(1,769,900.00)
Balance carried forward	-	-

28. Capital project and restricted funds

	The Group and Centre	
	2014 HK\$	2013 HK\$
F & E Replenishment and Minor Works		
Block Grant reserve (Note 29)	1,291,185.78	671,100.44
Social Welfare Development Fund (Note 30)	105,274.71	539,947.16
Others capital project and restricted funds (Note 31)	-	4,252.30
Lotteries fund (Note 32)	(3,984,927.83)	-
	(2,588,467.34)	1,215,299.90

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29. F & E Replenishment and Minor Works Block Grant reserve

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	671,100.44	534,668.61
Add: Block Grant received	2,720,000.00	2,551,000.00
Interest income received	43.66	35.55
	<u>3,391,144.10</u>	<u>3,085,704.16</u>
Less: Expenditure during the year		
Minor Works Projects	(599,051.07)	(970,878.74)
Furniture and Equipment	(1,246,061.45)	(1,202,023.48)
Vehicle Overhauling	(254,845.80)	(241,701.50)
	<u>(2,099,958.32)</u>	<u>(2,414,603.72)</u>
Balance carried forward	<u>1,291,185.78</u>	<u>671,100.44</u>

Capital commitment

At the end of the reporting period, the outstanding commitments in respect of acquiring fixed assets under F & E Replenishment and Minor Works Block Grant were as follows :-

	The Group and Centre	
	2014 HK\$	2013 HK\$
Contracted for but not provided in the financial statements	58,520.00	-

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30. Social Welfare Development Fund

	The Group and Centre	
	2014 HK\$	2013 HK\$
Balance brought forward	539,947.16	1,744,487.60
Add: Receipt	334,383.00	928,135.00
Interest income	42.22	127.59
	874,372.38	2,672,750.19
Less: Expenditure under Social Welfare Development Fund during the year		
Expenditure for projects under Scope A	(331,437.15)	(624,757.96)
Expenditure for projects under Scope B	(1,126,332.42)	(1,508,045.07)
	(1,457,769.57)	(2,132,803.03)
Transfer from Corporate system support reserves	688,671.90	-
Balance carried forward	105,274.71	539,947.16

Note:

Social Welfare Development Fund (Phase 1 & 2)

	The Group and Centre		
	Phase 1 HK\$	Phase 2 HK\$	Total HK\$
Balance brought forward	539,947.16	-	539,947.16
Add: Receipt	-	334,383.00	334,383.00
Interest income	42.22	-	42.22
	539,989.38	334,383.00	874,372.38
Less: Expenditure under Social Welfare Development Fund during the year			
Expenditure for projects under Scope A	(59,622.89)	(271,814.26)	(331,437.15)
Expenditure for projects under Scope B	(1,126,332.42)	-	(1,126,332.42)
	(1,185,955.31)	(271,814.26)	(1,457,769.57)
Transfer from Corporate system support reserves	688,671.90	-	688,671.90
Balance carried forward	42,705.97	62,568.74	105,274.71

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31. Others capital project and restricted funds

	The Group and Centre	
	2014 HK\$	2013 HK\$
(a) After School Learning – EB (08/09)		
Balance brought forward	-	14,121.00
Refund to Government	-	(14,121.00)
Balance carried forward	-	-
(b) After School Learning – EB (09/10)		
Balance brought forward	-	6,401.60
Refund to Government	-	(6,401.60)
Less : Payments	-	-
Balance carried forward	-	-
(c) After School Learning – EB (10/11)		
Balance brought forward	4,252.30	4,252.30
Refund to Government	(4,252.30)	-
Balance carried forward	-	4,252.30
Total	-	4,252.30

32. Lotteries fund

	The Group and Centre	
	2014 HK\$	2013 HK\$
Transfer from Flag Day Fund (Note 33-(c))	90,112.18	-
Transfer from Lotteries fund receivables (Note 12)	(649,943.36)	-
Deficit for the year	(3,425,096.65)	-
Balance carried forward	(3,984,927.83)	-

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33. Designated reserves

	The Group and Centre	
	2014 HK\$	2013 HK\$
(a) CFSC Designated Fund -		
Balance brought forward	3,654,156.28	3,909,629.43
Deficit for the year	(509,518.38)	(118,971.77)
	3,144,637.90	3,790,657.66
Reversal of depreciation	(115,191.38)	(136,501.38)
Balance carried forward	3,029,446.52	3,654,156.28
(b) Lai Chi Centre Designated Fund Reserves -		
Balance brought forward	141,979.74	142,916.78
Deficit for the year	-	(937.04)
Balance carried forward	141,979.74	141,979.74
(c) Flag Day Fund -		
Balance brought forward	2,751,273.16	3,770,822.92
Surplus/(deficit) for the year	892,250.68	(978,184.76)
Fund transfer to Service Development Fund (Note 34-(h))	(1,427,937.00)	-
Fund transfer to Lotteries Fund (Note 32)	(90,112.18)	-
	2,215,474.66	2,792,638.16
Reversal of depreciation	(31,050.00)	(41,365.00)
Balance carried forward	2,094,424.66	2,751,273.16
(d) Anti-poverty project for youngster fund -		
Balance brought forward	(74.52)	64,243.13
Deficit for the year	-	(64,317.65)
Balance carried forward	(74.52)	(74.52)
(e) Elderly raffle tickets fund		
Balance brought forward	909,947.46	1,024,436.12
Surplus/(deficit) for the year	167,195.49	(114,488.66)
Balance carried forward	1,077,142.95	909,947.46

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33. Designated reserves (continued)

	The Group and Centre	
	2014 HK\$	2013 HK\$
(f) Yam Pak Charitable Foundation -		
Balance brought forward	614,625.09	614,563.44
Add : Receipts	30.55	61.65
<u>Balance carried forward</u>	<u>614,655.64</u>	<u>614,625.09</u>
<u>Total</u>	<u>6,957,574.99</u>	<u>8,071,907.21</u>

34. Unrestricted reserves

	The Group		The Centre	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
(a) Cottage Repair Fund -				
Balance brought forward and carried forward	12,781,151.85	12,781,151.85	12,781,151.85	12,781,151.85
(b) CFSC Development Fund -				
Balance brought forward	4,460,728.11	3,119,997.30	4,460,728.11	3,119,997.30
Surplus for the year	883,168.92	1,500,845.84	883,168.92	1,500,845.84
	5,343,897.03	4,620,843.14	5,343,897.03	4,620,843.14
Reversal of depreciation	(131,503.19)	(160,115.03)	(131,503.19)	(160,115.03)
<u>Balance carried forward</u>	<u>5,212,393.84</u>	<u>4,460,728.11</u>	<u>5,212,393.84</u>	<u>4,460,728.11</u>
(c) CFSC Building Redevelopment Fund -				
Balance brought forward and carried forward	130,085.86	130,085.86	130,085.86	130,085.86
(d) Miscellaneous Fund -				
Balance brought forward carried forward	100.00	100.00	100.00	100.00
(e) Service Units reserves -				
Balance brought forward	19,856,873.24	18,894,341.17	19,001,857.67	18,896,341.17
(Deficit)/surplus for the year	(4,853,541.73)	962,532.07	(5,324,641.64)	105,516.50
<u>Balance carried forward</u>	<u>15,003,331.51</u>	<u>19,856,873.24</u>	<u>13,677,216.03</u>	<u>19,001,857.67</u>

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34. Unrestricted reserves (continued)

	The Group		The Centre	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
(f) HQ building maintenance reserves -				
Balance brought forward	560,737.55	105,186.72	560,737.55	105,186.72
Surplus for the year	279,941.20	455,550.83	279,941.20	455,550.83
Balance carried forward	840,678.75	560,737.55	840,678.75	560,737.55
(g) Corporate systems support reserves -				
Balance brought forward	560,737.55	105,186.72	560,737.55	105,186.72
Surplus for the year	445,388.34	455,550.83	445,388.34	455,550.83
Fund transfer to Social Welfare Development Fund (Note 30)	(688,671.90)	-	(688,671.90)	-
Balance carried forward	317,453.99	560,737.55	317,453.99	560,737.55
(h) Service Development reserves -				
Balance brought forward	9,037,124.47	10,795,080.23	9,037,124.47	10,795,080.23
Fund transfer from Flag Day Fund (Note 33-(c))	1,427,937.00	-	1,427,937.00	-
Surplus/(deficit) for the year	1,477,813.47	(1,757,955.76)	1,477,813.47	(1,757,955.76)
Balance carried forward	11,942,874.94	9,037,124.47	11,942,874.94	9,037,124.47
Total	46,228,070.74	47,387,538.63	44,901,955.26	46,532,523.06

35. Operating lease commitments

The Group entered into various leases on certain properties. These leases typically run for an initial lease term of one to three years with all terms renegotiated at the end of the lease.

At 31 March, 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group and Centre	
	2014 HK\$	2013 HK\$
Within one year	9,490,695.60	8,884,346.00
In the second to fifth years, inclusive	11,530,940.20	14,043,410.75
	21,021,635.80	22,927,756.75

36. Contingent liabilities

At the end of reporting period, the Group had contingent liabilities as follows :-

	The Group and Centre	
	2014 HK\$	2013 HK\$
Staff long service payments not covered by MPF and ORSO Scheme	5,595,312.25	5,311,020.20

37. Key management personnel compensation

The remuneration of directors and other members of key management personnel of the Group during the year were as follows:

	2014 HK\$	2013 HK\$
Fees	-	-
Salaries, allowances and benefits in kind	11,017,485.00	10,562,344.00
MPF and ORSO scheme contributions	1,086,856.00	1,069,467.00
	12,104,341.00	11,631,811.00

38. Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	The Group and Centre	
	2014 HK\$	2013 HK\$
Contracted, but not provided in the financial statements	58,520.00	8,957,093.99

39. Financial risk management objectives and policies

Exposure to currency, equity price and liquidity risks arise in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

Equity price risk

The Group's available-for-sale investments are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity and debt securities price risk. This exposure is managed by maintaining a portfolio of investments with different profiles both in Hong Kong and overseas. The sensitivity analysis has been determined based on the exposure to equity price risk. At the reporting date, if the fair value of available-for-sale investments had been 5% higher/lower while all other variables were held constant, the Group's reserves and funds would increase/decrease by approximately HK\$2,885,412.27 (2013: HK\$3,201,248.50).

39. Financial risk management objectives and policies (continued)

Currency risk

The Group is exposed to foreign currency risk arising from transactions and translation of available-for-sale investments and cash and cash equivalents which are denominated in Singapore dollars ("SGD") and United States dollars ("USD"). As the United States Dollars is pegged to the Hong Kong dollar, the Group considers the risk of movements in exchange rates between the USD and the HKD to be insignificant. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	SGD		USD	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Assets				
Available-for-sale investments	-	-	48,671,497.44	50,921,908.35
Cash and cash equivalents	20,830.81	20,830.81	7,965,727.75	5,552,892.92

Sensitivity analysis on foreign exchange risk management:

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars against the relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% change in foreign currency rates:

	SGD	
	2014 HK\$	2013 HK\$
Other equity	1,041.54	1,041.54

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivatives financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

39. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Less than 1 year HK\$
At 31 March, 2014			
Accruals and other payables	16,123,243.58	16,123,243.58	16,123,243.58
At 31 March, 2013			
Accruals and other payables	13,805,180.23	13,805,180.23	13,805,180.23

Fair value measurement

Financial and non-financial assets and liabilities measured at fair value

Fair value hierarchy

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

- Level 1 valuations : Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

Fair value measurement (continued)

	Fair value at 31 March, 2014 HK\$'000	Fair value measurements as at 31 March, 2014 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Assets				
Available-for-sale investments:				
- Listed	57,708	57,708	-	-

During the year ended 31 March, 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

40. Management on various funds

The Group's funds accounts consist of General fund, SWD Lump Sum Grant reserve, SWD provident fund reserve, Other restricted reserves, Capital project and restricted funds, Designated reserves and Unrestricted reserves, which are set up for various designated purposes as described in notes 15 to 34. It is the Group's objective to maintain sufficient reserves and funds to safeguard the Group's ability to continue as a going concern and to support its current and future operating expenditure requirements.