

**The Association of Evangelical Free
Churches of Hong Kong
(Social Services)**

Audited Accounts for the year ended 31st March 2019

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Lau Wah Ching
Certified Public Accountant (Practising)



LAU WAH CHING
CERTIFIED PUBLIC ACCOUNTANT
Room 702, Waga Commercial Centre,
99 Wellington Street, Central, Hong Kong.
Tel.: 98687900 Fax : 25861632

Auditor's Certification

To the Members of
The Association of Evangelical Free Churches of Hong Kong

I have audited the financial statements of The Association of Evangelical Free Churches of Hong Kong (Social Services) ("the Association ") set out on pages 1 to 10, which comprise the balance sheet as at 31 March 2019, the income and expenditure accounts for the year ended 31 March 2019, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the Executive Committee of the Association based on the financial reporting requirements of the Social Welfare Department, in accordance with the requirements of the Lump Sum Grant (LSG) Manual.

Responsibility of the Executive Committee for the Financial Statements

The Executive Committee of the Association is responsible for the preparation of these financial statements based on the financial reporting requirements of the Social Welfare Department, in accordance with the requirements of the LSG Manual, and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit and to report my opinion solely to you, as a body, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report.

I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

EFCC - 2019

Principal: Lau Wah Ching,
BA , MBA, FCCA, CICPA, CPA(Practising)



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expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of the Association are prepared, in all material respects, based on the financial reporting requirements of the Social Welfare Department, in accordance with of the requirements of the LSG Manual. The Association has complied with the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Programmes.

A handwritten signature in blue ink, appearing to read 'Lau Wah Ching'.

Lau Wah Ching
Certified Public Accountant (Practising)
Practising Certificate No. P01217

Hong Kong
12 October 2019

EFCC - 2019

Principal: Lau Wah Ching,
BA , MBA, FCCA, CICPA, CPA(Practising)

The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2018 TO 31ST MARCH 2019

	Note	2019		2018	
		Subvented Units	Financing Units	Subvented Units	Financing Units
		HK\$	HK\$	HK\$	HK\$
INCOME					
Social Welfare subvention		15,957,517.00	0.00	13,046,909.00	0.00
Subvention for Subsidy Scheme- Po Nga Nursery School		0.00	0.00	0.00	0.00
Subvention for Subsidy Scheme- Occasional Child Care Service		42,400.00	0.00	42,400.00	0.00
Subvention for Subsidy Scheme-Extended Hours Service (EHS) Users		2,704.00	0.00	2,704.00	0.00
Subvention for Training Subsidy Scheme- Standalone Child Care Centre		0.00	0.00	0.00	0.00
Subvention for Rent		562,032.00	769,615.20	562,032.00	769,257.00
Subvention for Rates		115,590.00	27,924.80	113,994.00	71,139.00
Subvention for Government Rent		74,416.00	12,348.00	73,389.00	11,592.00
Occasional Child Care Service income		19,514.70	0.00	26,854.40	0.00
Extended Hours Service income		4,217.20	0.00	4,683.00	0.00
Subsidy for Manpower Enhancement for Aided KCCC		635,694.00	0.00	583,458.00	0.00
Membership fee		83,647.50	52,569.00	81,677.50	48,350.00
Membership fee of Social Service Management Board		20,000.00	0.00	20,000.00	0.00
Programme income		1,528,712.80	3,541,250.19	1,785,240.18	3,724,528.60
Income from selling flag		0.00	0.00	52,695.90	0.00
Other Income					
(a) Bank interest		2,394.31	460.63	489.77	105.40
(b) Church contributions		88,418.23	1,985,239.31	88,815.67	939,281.88
(c) Donations by EFCC		125,000.00	0.00	125,000.00	0.00
(d) Donations for EFCC Elderly Service		436,531.20	0.00	430,080.00	0.00
(e) Subsidy by Elderly Centre/Church		30,000.00	0.00	30,000.00	0.00
(f) Subsidy by Nursery School (Administrative charge)		800,000.00	0.00	800,000.00	0.00
(g) Other donations		258,920.20	555,198.31	309,741.13	571,621.80
(h) Donation-Elderly Service		15,000.00	0.00	0.00	0.00
(i) District Council Fund		0.00	16,677.40	0.00	19,463.70
(j) The Community Chest-Capital Project Fund (2016-2017)		0.00	0.00	592,170.00	0.00
(k) The Community Chest-Capital Project Fund (2017-2018)		0.00	0.00	90,279.00	0.00
(l) The Community Chest-"Child+Family is Love" Supporting Project in Nursery School		0.00	0.00	710,538.76	0.00
(m) The Community Chest-"The Paving a Brighter Future" Project		886,794.12	0.00	0.00	0.00
(n) The Community Chest-"Hand in Hand : Pain Management and Fall Prevention Project in Family Perspective"		763,296.85	0.00	0.00	0.00
(o) Health Care and Promotion Fund-Non-research Health Promotion Project		0.00	0.00	161,192.25	0.00
(p) The Sir Robert Ho Tung Charitable Fund Expenses		46,600.00	3,500.00	79,100.00	0.00
(q) The Hong Kong Bank Foundation		0.00	0.00	0.00	127,113.70
(r) The Board of Management of The Chinese Permanent Cemeteries Fund		0.00	0.00	78,460.00	0.00
(s) SWD-Opportunities for the Elderly Project income		21,480.00	0.00	0.00	32,320.00
(t) 蘋果日報慈善基金撥款		0.00	13,600.00	0.00	0.00
(u) SWD-沙田區長者協作計劃收入		0.00	0.00	0.00	0.00
(v) 意贈-福安至安心計劃收入		22,500.00	0.00	0.00	0.00
(w) 好鄰舍基金撥款		0.00	104,255.00	0.00	37,700.00
(x) Housing Department Subsidy		0.00	0.00	24,997.40	0.00
(y) 社關月		0.00	0.00	1,000.00	0.00
(z) 利是傳祝福		0.00	0.00	13,992.00	0.00
(aa) Income of service provided		74,484.72	783,352.86	78,094.52	471,086.95
(ab) Sundry income		170,147.80	105,988.81	183,427.36	30,779.30
TOTAL INCOME		22,788,012.63	7,971,979.51	20,193,414.84	6,854,339.33

The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2018 TO 31ST MARCH 2019

	Note	2019		2018	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
EXPENDITURE					
<u>Personal Emoluments:</u>					
Staff salaries		10,854,408.60	4,321,605.39	9,576,459.84	3,739,801.56
Relief worker		12,862.50	0.00	20,480.00	0.00
Salary for Program Assistants		0.00	0.00	0.00	0.00
Salary for Integrated Program staff		2,556,732.88	0.00	2,287,146.77	0.00
Mandatory Provident Fund		1,310,508.13	220,844.90	688,990.98	194,946.56
Provident Fund		178,249.71	0.00	150,803.40	0.00
Mandatory Provident Fund for Program Assistants		0.00	0.00	0.00	0.00
Less : Forfeiture of employer's contributions		0.00	0.00	0.00	0.00
Other statutory payment		0.00	0.00	0.00	0.00
Total Personal Emoluments		14,912,761.82	4,542,450.29	12,723,880.99	3,934,748.12
<u>Other Charges</u>					
<u>Utilities</u>					
Electricity		170,294.84	125,906.93	169,125.36	118,667.85
Water & Sewage charge		2,834.90	1,716.80	3,003.80	1,631.24
Sub-total		173,129.74	127,623.73	172,129.16	120,299.09
<u>Administrative Expenses</u>					
Postage		3,361.40	5,437.20	4,496.60	5,014.20
Advertisement for staff recruitment		54,817.60	4,505.30	18,004.00	2,243.60
Advertising of publicity		0.00	0.00	596.40	0.00
Audit fee		12,000.00	20,000.00	10,000.00	18,000.00
Audit fee for ORSO		143.00	0.00	143.00	0.00
Accountancy service		0.00	0.00	0.00	0.00
Telephone and Fax line		21,780.20	23,655.72	18,398.00	19,297.67
Internet service charge		15,253.30	12,334.94	12,669.76	11,035.49
Website and Server service charge		59,400.00	1,822.00	28,000.00	1,432.00
Bank charge for autopayment		1,760.00	0.00	1,252.00	0.00
P.Fund management charge		1,076.13	0.00	0.00	0.00
Octopus transaction fee		153.90	0.00	0.00	0.00
Staff medical check charge		2,975.00	350.00	1,320.00	0.00
Sexual conviction record check		0.00	0.00	0.00	0.00
Cleaning service expenses		3,424.00	13,370.00	3,210.00	19,744.00
Depreciation		0.00	0.00	0.00	0.00
Sub-total		176,144.53	81,475.16	98,089.76	76,766.96
<u>Food</u>					
Food for children		6,693.22	0.00	8,215.36	0.00
Sub-total		6,693.22	0.00	8,215.36	0.00
<u>Stores and Equipment</u>					
Cleaning material		28,008.84	23,612.10	26,900.12	27,093.90
Printing charge		39,443.39	31,415.85	47,262.05	38,113.44
Printing of Flag		0.00	0.00	0.00	0.00
Rental of photocopying machine		32,220.00	37,151.50	30,734.50	33,475.68
Stationery		34,664.52	6,273.74	21,403.78	11,307.04
Computer (hardware/software)		358,598.20	8,139.00	84,971.58	9,414.00
Minor purchases		101,516.96	16,074.89	14,617.55	82,883.73
Teaching consumable		43,458.20	0.00	47,613.60	0.00
Newspapers and Periodicals		20,258.00	17,664.00	18,400.50	19,356.00
Souvenirs for volunteers		0.00	0.00	2,000.00	0.00
Repair and Maintenance		149,143.00	179,046.10	114,650.00	58,706.50
Repair of money collection bags		0.00	0.00	7,521.40	0.00
Sub-total		807,311.11	319,377.18	416,075.08	280,350.29
<u>Programme Expenses</u>					
Programme expenses		1,542,888.61	2,385,251.29	1,797,945.38	2,545,961.67
Sub-total		1,542,888.61	2,385,251.29	1,797,945.38	2,545,961.67

The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2018 TO 31ST MARCH 2019

	Note	2019		2018	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
Transportation and Travelling					
Vehicle Expenses					
(a) Vehicle licence		0.00	0.00	0.00	0.00
(b) Third party insurance		0.00	0.00	0.00	0.00
Other travelling expenses for flag day		0.00	0.00	211.60	0.00
Other travelling expenses		29,191.99	26,670.25	16,350.70	6,138.00
Sub-total		29,191.99	26,670.25	16,562.30	6,138.00
Insurance Premium					
Employee's compensation		72,392.55	32,975.12	51,310.44	40,105.51
Public liability		6,080.00	4,560.00	6,080.00	4,560.00
Group personal accident		5,428.57	4,071.42	5,428.56	4,071.42
Medical malpractice		2,559.80	7,604.70	4,663.32	2,886.10
Others		10,177.93	9,685.27	16,227.75	2,169.32
Sub-total		96,638.85	58,896.51	83,710.07	53,792.35
Miscellaneous					
(a) Bank charges		4,913.10	3,070.00	5,750.00	4,100.00
(b) Staff training		161,552.33	5,119.50	114,466.30	3,308.40
(c) Staff uniform		538.22	0.00	1,344.00	0.00
(d) Sundry expenses		18,874.10	42,889.90	16,572.52	25,740.80
(e) Sundry expenses-public announcement		0.00	0.00	0.00	0.00
(f) Staff programme		0.00	5,500.00	37,314.32	4,800.00
(g) Staff medical allowance		0.00	9,531.25	0.00	8,614.09
(h) Periodic fee for ORSO		257.00	0.00	171.40	0.00
(i) Subsidy Scheme-Po Nga Nursery School		0.00	0.00	0.00	0.00
(j) Subsidy Scheme-Occasional Child Care Service		39,376.49	0.00	31,710.12	0.00
(k) Subsidy Scheme-Extended Hours Services (EHS) User		208.00	0.00	0.00	0.00
(l) Subsidy for Manpower Enhancement for Aided KCCC		635,694.00	0.00	583,458.00	0.00
(m) Training Subsidy Scheme-Standalone Child Care Centre		0.00	0.00	0.00	0.00
(n) Training Subsidy Scheme-Integrated Program		0.00	0.00	0.00	0.00
(o) Subsidy to EFCC Elderly Service		436,531.20	0.00	430,080.00	0.00
(p) Designated expenses-Flag Day		0.00	0.00	1,693,931.90	0.00
(q) Donation-Elderly Service		15,000.00	0.00	0.00	0.00
(r) District Council Fund expenses		0.00	16,677.40	0.00	19,463.70
(s) The Community Chest-Capital Project Fund (2016-2017)		0.00	0.00	592,170.00	0.00
(t) The Community Chest-Capital Project Fund (2017-2018)		0.00	0.00	90,279.00	0.00
(u) The Community Chest-"Child+Family is Love" Supporting Project in Nursery School		0.00	0.00	710,538.76	0.00
(v) The Community Chest-"The Paving a Brighter Future" Project		886,794.12	0.00	0.00	0.00
(w) The Community Chest-"Hand in Hand : Pain Management and Fall Prevention Project in Family Perspective"		763,296.85	0.00	0.00	0.00
(x) Health Care and Promotion Fund-Non-research Health Promotion Project		0.00	0.00	161,192.25	0.00
(y) The Sir Robert Ho Tung Charitable Fund Expenses		46,600.00	3,500.00	79,100.00	0.00
(z) The Hong Kong Bank Foundation		0.00	0.00	0.00	127,113.70
(aa) The Board of Management of The Chinese Permanent Cemeteries Fund		0.00	0.00	78,460.00	0.00
(ab) SWD-Opportunities for the Elderly Project income		21,480.00	0.00	0.00	32,320.00
(ac) 蘋果日報慈善基金撥款		0.00	13,600.00	0.00	0.00
(ad) SWD-沙田區長者協作計劃收入		0.00	0.00	0.00	0.00
(ae) 意贈-福安至安心計劃支出		22,500.00	0.00	0.00	0.00
(af) 好鄰舍基金撥款		0.00	65,180.00	0.00	16,100.00
(ag) Housing Department Subsidy		0.00	0.00	24,997.40	0.00
(ah) 社關月		31,783.10	0.00	1,000.00	0.00
(ai) 利是傳祝福		0.00	0.00	13,992.00	0.00
Sub-total		3,085,398.51	165,068.05	4,666,527.97	241,560.69
Total Other Charges		5,917,396.56	3,164,362.17	7,259,255.08	3,324,869.05
Rent		681,244.28	827,427.90	647,738.00	827,189.20
Rates		98,100.00	28,700.00	117,920.00	72,900.00
Government Rent		82,224.00	12,348.00	80,352.00	11,592.00
Sub-total		861,568.28	868,475.90	846,010.00	911,681.20
TOTAL EXPENDITURE		21,691,726.66	8,575,288.36	20,829,146.07	8,171,298.37
INCOME LESS EXPENDITURE					
(A) - (B)		1,096,285.97	-603,308.85	-635,731.23	-1,316,959.04

The notes on pages 5 to 10 form part of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2019
(Expressed in Hong Kong Dollars)

		2019		2018	
		Subvented Units	Financing Units	Subvented Units	Financing Units
<u>ASSETS</u>	Note	HK\$	HK\$	HK\$	HK\$
<u>Current Assets</u>					
Government Subvention Receivable		0.00	0.00	0.00	0.00
Accounts receivable		0.00	24,532.40	187,410.52	67,844.80
Prepayments		0.00	94,754.58	2,160.00	19,490.04
Temporary payment		1,041,511.94	114,528.54	1,142,929.60	188,257.40
Utilities deposits		50,352.00	23,055.70	50,352.00	23,055.70
Stocks on hand		0.00	0.00	0.00	0.00
Cash at bank	7	12,927,907.13	2,211,878.76	12,125,887.05	2,358,950.39
Cash in hand	7	12,424.20	19,173.80	14,260.00	19,558.60
Undeposit cash	7	23,980.00	0.00	2,093.00	0.00
		<u>14,056,175.27</u>	<u>2,487,923.78</u>	<u>13,525,092.17</u>	<u>2,677,156.93</u>
<u>FUNDS EMPLOYED</u>					
<u>Current Liabilities</u>					
Loan from church		0.00	390,177.75	0.00	390,177.75
Bank overdraft		0.00	0.00	0.00	0.00
Accounts payable	4	0.00	57,074.74	0.00	24,903.28
Temporary receipt		2,068,844.40	302,954.00	2,142,026.08	613,250.00
Fees received in advance		38,211.00	75,478.40	101,061.00	63,720.00
Current accounts with affiliates		0.00	0.00	0.00	1,800.00
Lump Sum Grant surplus		3,213,301.01	0.00	2,047,711.72	0.00
Provident Fund Reserve-existing staff		3,929.47	0.00	1,022.18	0.00
Provident Fund Reserve-6.8% post & others		1,821,665.01	0.00	2,162,977.14	0.00
Rent and Rates subvention surplus		-5,138.06	0.00	-17,924.78	0.00
SWD subvention for Special One-Off Grant		0.00	0.00	0.00	0.00
SWD subvention for Program Assistants		0.00	0.00	0.00	0.00
SWD subvention for Subsidy Scheme- Po Nga Nursery School		0.00	0.00	0.00	0.00
SWD subvention for Subsidy Scheme- Occasional Child Care Service		3,023.51	0.00	10,689.88	0.00
SWD subvention for Extended Hours Services (EHS) User		2,496.00	0.00	2,704.00	0.00
Subvention for Training Subsidy Scheme- Standalone Child Care Centre		0.00	0.00	0.00	0.00
Subvention for Training Subsidy Scheme- Integrated Program		138,694.00	0.00	138,694.00	0.00
		<u>7,285,026.34</u>	<u>825,684.89</u>	<u>6,588,961.22</u>	<u>1,093,851.03</u>
Accumulated General Fund	5	731,714.61	1,058,163.24	653,245.26	1,134,372.58
Designated Fund - Flag Days		0.00	0.00	69,751.36	0.00
Other Designated Funds	6	6,039,434.32	604,075.65	6,213,134.33	448,933.32
		<u>14,056,175.27</u>	<u>2,487,923.78</u>	<u>13,525,092.17</u>	<u>2,677,156.93</u>

So Chun Ho
(Chairman)

Chau Yin Ming Francis
(Director/Chief Supervisor, Social Service Office)

The notes on pages 5 to 10 form parts of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2019
(Expressed in Hong Kong Dollars)

Notes To The Accounts

1 General information

The Association of Evangelical Free Churches of Hong Kong (the Association) is a charitable organization. The Association's registered office and principal place of business are located at 14/F., Cheung Lee Commercial Building, 25 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong.

2 Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountant. They have been prepared under the historical cost convention.

Summary of significant accounting policies

(a) Revenue recognition

Revenue is recognized in surplus of deficit provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably, as follows:

- (i) Donations received, subventions and members' subscriptions are recognised on cash basis.
- (ii) Interest income is recognized on a time basis, by reference to the principal outstanding and at the interest rate applicable.

(b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment comprises the following:-

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operation in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to write off the cost of assets in the year of purchase except as stipulated.

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.

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2019
(Expressed in Hong Kong Dollars)

Notes To The Accounts

(c) Account receivables

Account receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

(d) Account payables

Account payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

(e) Impairment of non-financial assets

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in surplus of deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in surplus of deficit.

(f) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:-

- (i) A person or a close member of that person's family is related to the Association if that person:-
 - (a) is a member of the key management personnel of the Association or of a parent of the Association;
 - (b) has control over the Association; or
 - (c) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (ii) An entity is related to the Association if any of the following conditions applies:
 - (a) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
 - (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (c) both entities are joint ventures of a third entity.
 - (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (f) the entity is controlled or jointly controlled by a person identified in (i).
 - (g) a person identified in (i)(a) has significant voting power in the entity.

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Notes To The Accounts

(g) Provision and contingent liabilities

A provision is recognized for liability of uncertain timing or amount when the Association has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditure for which a provision has been recognized is charged against the related provision in the year in which the expenditure is incurred. Provision is reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditure expected to be required to settle the obligation. Where the Association expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Expense relating to a provision is presented net of the amount recognized for a reimbursement in the surplus or deficit.

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, of which 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.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3 Basis of consolidation

The consolidated accounts include the accounts of the following organisations of
The Association of Evangelical Free Churches of Hong Kong made up to 31st March 2019:

(A) Subvented units

1. Social Service Office (Central Administration)
2. EFCC - Fook On Church Elderly Centre
3. EFCC - Hing Tin Wendell Memorial Church Alison Lam Elderly Centre
4. EFCC - Mei Foo Elderly Centre
5. Flag Day Fund Raising Event

(B) Financing units

1. EFCC - Hong Fook Church Bradbury Community Health Development Centre
2. EFCC - Choi Fook Church Neighbourhood Family Service Centre
3. EFCC - Hong Fook Church Chan Poon Pui Ching Memorial Elderly Centre
4. EFCC - Abundant Grace Church Family Activity Centre
5. EFCC - Shun On Social Service Centre
6. EFCC - Lok Yan Learning Centre

The Association of Evangelical Free Churches of Hong Kong (Social Services)

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Notes To The Accounts

The consolidated accounts also include the accounts of the following organisations in respect of the subvention for integrated programs, occasional child care service and extended hours child care service in nursery schools made up to 31 March 2019, which are included under "subvented units" mentioned in (A) above.

1. EFCC - Po Nga Nursery School
2. EFCC - Abundant Grace Church Abundant Grace Nursery School
3. EFCC - Verbena Nursery School
4. EFCC - Tin Yan Nursery School

4 Accounts payable

	2019		2018	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Accrued expenses	0.00	54,074.74	0.00	11,903.28
Provision for audit fees	0.00	3,000.00	0.00	13,000.00
	<u>0.00</u>	<u>57,074.74</u>	<u>0.00</u>	<u>24,903.28</u>

5 Accumulated General Fund

	2019		2018	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
At the beginning of the year	653,245.26	1,134,372.58	2,041,955.14	268,956.08
Unallocated costs in previous years	0.00	0.00	0.00	-113,766.00
Social Welfare subvention surplus	-828,010.68	0.00	-644,199.85	0.00
Fund raising by Association	0.00	180,428.84	0.00	0.00
Transferred (to)/from Designated Fund	-189,805.94	346,670.67	-108,778.80	2,296,141.54
Surplus/(Deficit) for the year	<u>1,096,285.97</u>	<u>-603,308.85</u>	<u>-635,731.23</u>	<u>-1,316,959.04</u>
At the end of the year	<u>731,714.61</u>	<u>1,058,163.24</u>	<u>653,245.26</u>	<u>1,134,372.58</u>

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2019
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Notes To The Accounts

6 Other Designated Funds

(a) Movements on other Designated Funds

	2019		2018	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
At the beginning of the year	6,213,134.33	448,933.32	6,177,784.56	536,886.30
Income for the year	1,216,438.90	447,615.70	1,038,740.01	258,553.40
Expenditure for the year	-1,390,138.91	-292,473.37	-1,003,390.24	-346,506.38
At the end of the year	<u>6,039,434.32</u>	<u>604,075.65</u>	<u>6,213,134.33</u>	<u>448,933.32</u>

(b) Details of other Designated Funds

	2019		2018	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Social Service Fund	1,888,284.46	0.00	1,875,287.44	0.00
Social Service Development Fund	986,140.52	0.00	980,419.13	0.00
Fund Raising	1,762,999.34	0.00	1,801,270.25	0.00
Staff Welfare	36,496.06	0.00	13,738.06	0.00
Staff Development	18,560.00	0.00	16,060.00	0.00
SSO Child Care Service	20,360.27	0.00	33,262.63	0.00
Service Units	1,240,153.68	0.00	1,258,507.42	0.00
Care for Elderly Charitable Raffle Tickets	18,536.74	109,474.67	34,794.40	74,499.67
Walkathon	0.00	105,059.78	0.00	233,967.45
Renovation	0.00	0.00	0.00	0.00
護理同行計劃	67,903.25	0.00	199,795.00	0.00
NS Child Care Service	0.00	0.00	0.00	0.00
駐校輔導服務	0.00	0.00	0.00	0.00
集思公益計劃	0.00	0.00	0.00	0.00
信望愛	0.00	81,066.20	0.00	81,066.20
學童課餘託管計劃	0.00	37,800.00	0.00	37,800.00
好鄰舍	0.00	60,675.00	0.00	21,600.00
Church Donation	0.00	0.00	0.00	0.00
Centre Fund	0.00	210,000.00	0.00	0.00
	<u>6,039,434.32</u>	<u>604,075.65</u>	<u>6,213,134.33</u>	<u>448,933.32</u>

7 Cash and cash equivalents

	2019		2018	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Cash and bank balances	<u>12,964,311.33</u>	<u>2,231,052.56</u>	<u>12,142,240.05</u>	<u>2,378,508.99</u>

The Association of Evangelical Free Churches of Hong Kong (Social Services)
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Notes To The Accounts

8 Note to the Financial Statements of Community Care Fund Assistance Programmes for the year ended 31 March 2019

During the year, the Association has implemented 2 Community Care Fund ("CCF") assistance programmes. According to the requirement of CCF, the Association is required to disclose the income and expenditure for each programme in its financial statements.

CCF-Pilot scheme on living allowance for carers of elderly persons from low income families

	2019 HKD	2018 HKD	2017 HKD	2016 HKD	2015 HKD
Balance at the beginning of the year	-	-	-	-	-
<u>Income</u>					
Subsidy from CCF	67,260.00	53,400.00	63,800.00	55,000.00	32,200.00
<u>Expenditure</u>					
Audit fee	8,150.00	8,800.00	8,400.00	7,900.00	3,400.00
Salaries and Allowances	51,740.00	39,260.00	49,020.00	41,600.00	25,580.00
Provident fund contributions	2,587.00	1,963.00	2,451.00	2,080.00	1,279.00
Stores and equipment	3,253.00	1,617.00	2,249.00	1,840.00	1,261.00
Repair and maintenance					
Programme expenses					
Transportation and travelling					
Miscellaneous	1,530.00	1,760.00	1,680.00	1,580.00	680.00
Other Expenditure (Please specify)					
	67,260.00	53,400.00	63,800.00	55,000.00	32,200.00
Surplus for the year	-	-	-	-	-
Surplus carried forward from previous year	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

9 Accounting Estimates and Judgements

(a) Key sources of estimation uncertainty

In the process of applying the Association's accounting policies, management has made no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dated, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical accounting judgement in applying the Company's accounting policies

There were no critical accounting judgements in applying the Company's accounting policies.

10 Reclassification of accounts

The comparative figures have been re-classified to conform with the current year presentation.

11 Approval of Accounts

The accounts on pages 1 to 11 have been approved by the Social Service Management Board on 12th October 2019