

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

Audited Financial Statement for the year ended 31st March 2021

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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

Independent Auditor's Report

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

Opinion

I have audited the financial statement of The Association of Evangelical Free Churches of Hong Kong (Social Services) ("the Association") set out on pages 1 to 11, which comprise the statement of financial position as at 31 March 2021, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Association are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the "Lump Sum Grant Manual" and complied with the requirements as stipulated by Social Welfare Department, and other instructions issued by the Director of Social Welfare from time to time.

Basis for opinion

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to PN900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard" issued by the HKICPA. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and I have fulfilled my other responsibilities in accordance with the Code.

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

Other information

I have not performed any audit procedures to verify the authenticity of the unaudited information provided by the Committee Members of the Association in the financial statements.

EFCC - 2021

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



LAU WAH CHING
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Responsibilities of Committee Members and those charged with governance for the financial statements

The Committee Members of the Association are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA, and for such internal control as the Committee Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee Members are responsible for assessing the Association ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee Members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Committee Members are responsible for overseeing the Association's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. This report is made solely to you, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

EFCC - 2021

Principal: Lau Wah Ching,
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- Conclude on the appropriateness of the Committee Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Lau Wah Ching
Certified Public Accountant
Practising Certificate No. P01217

Hong Kong
Date: 4 October 2021

EFCC - 2021

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 2020 TO 31ST MARCH 2021

	Note	2021		2020	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
INCOME					
Social Welfare subvention		19,245,468.00	0.00	19,024,550.00	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		641,193.00	824,812.00	594,768.00	820,766.30
Subvention for Rates		122,504.00	6,700.00	118,133.00	50,010.70
Subvention for Government Rent		88,626.00	3,780.00	76,053.00	12,348.00
Occasional Child Care Service income		832.50	0.00	20,484.50	0.00
Extended Hours Service income		312.00	0.00	4,680.00	0.00
Membership fee		86,774.00	53,010.00	85,739.50	46,733.00
Membership fee of Social Service Management Board		20,000.00	0.00	20,000.00	0.00
Programme income		666,017.90	1,070,494.85	1,274,627.96	2,878,803.20
Income from selling flag		1,460,199.38	0.00	1,430,694.20	0.00
Other Income					
(a) Bank interest		28,632.52	2,999.22	45,757.03	8,706.69
(b) Church contributions		121,133.06	1,698,137.94	118,572.25	2,020,954.08
(c) Donations by EFCC		125,000.00	0.00	125,000.00	0.00
(d) Donations for EFCC Elderly Service		459,975.00	0.00	447,010.00	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)		1,271,579.93	0.00	886,632.00	0.00
(g) Other donations		233,002.50	542,815.55	298,483.10	576,077.66
(h) Donation-Elderly Service		0.00	0.00	10,000.00	0.00
(i) Donation-Support Needy Family NS		82,000.00	0.00	0.00	0.00
(j) District Council Fund		0.00	20,485.90	0.00	1,383,306.40
(k) The Community Chest-Capital Project Fund		732,710.00	0.00	0.00	0.00
(l) The Community Chest-"The Paving a Brighter Future" Project		910,706.56	0.00	1,029,150.16	0.00
(m) The Community Chest-"Hand in Hand : Pain Management and Fall Prevention Project in Family Perspective"		817,564.94	0.00	809,545.24	0.00
(n) Health Care and Promotion Fund-Non-research Health Promotion Project		0.00	0.00	0.00	0.00
(o) The Sir Robert Ho Tung Charitable Fund		112,200.00	0.00	117,800.00	0.00
(p) The Hong Kong Bank Foundation		0.00	690,473.80	0.00	0.00
(q) The Board of Management of The Chinese Permanent Cemeteries Fund		579,524.00	0.00	0.00	0.00
(r) SWD-Opportunities for the Elderly Project		0.00	0.00	0.00	73,950.00
(s) 蘋果日報慈善基金撥款		0.00	11,200.00	0.00	11,975.90
(t) SWD-One-off Special Grant		210,000.00	0.00	131,200.00	0.00
(u) SWD-樂齡康復創科基金撥款		78,400.00	0.00	0.00	0.00
(v) SWD-Subsidy Purchase Warm Items		61,200.00	0.00	0.00	0.00
(w) 好鄰舍基金撥款		0.00	83,600.00	0.00	67,000.00
(x) Housing Department Subsidy		0.00	0.00	0.00	0.00
(y) 社關月		0.00	0.00	0.00	0.00
(z) 沙田民政處		0.00	11,930.00	0.00	0.00
(aa) Employment Support Scheme		313,089.00	803,912.00	0.00	0.00
(ab) Income of service provided		54,677.57	937,907.24	57,496.65	986,867.10
(ac) Sundry income	8	253,442.07	794,923.60	251,210.57	146,865.36
TOTAL INCOME		28,851,867.93	7,557,182.10	27,052,691.16	9,084,364.39

The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2020 TO 31ST MARCH 2021

	Note	2021		2020	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
EXPENDITURE					
<u>Personal Emoluments:</u>					
Staff salaries		15,030,876.33	4,873,042.81	13,847,800.59	4,738,574.53
Relief worker		25,810.00	0.00	50,102.50	0.00
Salary for Program Assistants		0.00	0.00	0.00	0.00
Salary for Integrated Program staff		2,840,970.00	0.00	2,810,528.85	0.00
Mandatory Provident Fund		1,203,290.32	238,660.32	1,087,971.55	234,521.00
Provident Fund		194,073.00	0.00	192,093.00	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		19,295,019.65	5,111,703.13	17,988,496.49	4,973,095.53
<u>Other Charges</u>					
<u>Utilities</u>					
Electricity		67,533.27	33,500.06	175,643.42	130,973.60
Water & Sewage charge		744.40	551.10	1,740.00	1,034.90
Sub-total		68,277.67	34,051.16	177,383.42	132,008.50
<u>Administrative Expenses</u>					
Postage		5,848.50	7,375.40	6,364.70	4,089.70
Advertisement for staff recruitment		12,698.80	1,716.40	32,721.60	5,606.80
Advertising of publicity		0.00	0.00	0.00	0.00
Audit fee		13,500.00	15,400.00	13,500.00	7,800.00
Audit fee for ORSO		285.80	0.00	284.00	0.00
Accountancy service		0.00	0.00	0.00	0.00
Telephone and Fax line		16,828.00	16,645.78	22,923.40	19,813.14
Internet service charge		18,672.00	18,385.00	18,128.00	18,208.00
Website and Server service charge		29,139.03	1,792.00	29,574.00	1,792.00
Bank charge for autopayment		2,377.20	0.00	2,052.00	0.00
P.Fund management charge		1,548.00	0.00	1,518.95	0.00
Octopus transaction fee		1,300.11	0.00	1,292.99	0.00
Staff medical check charge		8,560.00	0.00	5,750.00	0.00
Sexual conviction record check		0.00	0.00	0.00	0.00
Cleaning service expenses		7,346.00	29,007.50	2,326.00	13,000.00
Depreciation		0.00	0.00	0.00	0.00
Sub-total		118,103.44	90,322.08	136,435.64	70,309.64
<u>Food</u>					
Food for children		321.50	0.00	6,156.55	0.00
Sub-total		321.50	0.00	6,156.55	0.00
<u>Stores and Equipment</u>					
Cleaning material		15,806.73	12,001.20	29,759.88	24,000.40
Printing charge		34,342.24	32,843.52	51,719.59	33,345.97
Printing of Flag		13,400.00	0.00	20,400.00	0.00
Rental of photocopying machine		30,186.06	33,055.00	30,840.00	38,921.80
Stationery		34,504.40	25,820.46	28,099.18	6,961.23
Computer (hardware/software)		311,323.85	53,451.00	204,587.91	24,245.00
Minor purchases		672,813.23	79,653.38	81,544.55	47,420.23
Teaching consumable		62,901.00	0.00	44,534.25	0.00
Newspapers and Periodicals		750.00	1,695.50	65,233.35	16,634.00
Souvenirs for volunteers		4,177.47	0.00	3,029.37	0.00
Repair and Maintenance		210,347.40	131,078.53	76,364.60	141,666.20
Production of money collection bag		0.00	0.00	62,000.00	0.00
Sub-total		1,390,552.38	369,598.59	698,112.68	333,194.83
<u>Programme Expenses</u>					
Programme expenses		861,877.82	846,251.85	1,293,242.69	1,892,857.64
Sub-total		861,877.82	846,251.85	1,293,242.69	1,892,857.64

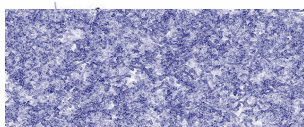
The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2020 TO 31ST MARCH 2021

	Note	2021		2020	
		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		2,538.94	0.00	6,941.20	0.00
Other travelling expenses		22,425.40	18,585.36	30,001.48	26,821.50
Sub-total		24,964.34	18,585.36	36,942.68	26,821.50
Insurance Premium					
Employee's compensation		92,763.67	46,840.66	41,842.04	35,204.72
Public liability		8,006.80	6,005.10	24,194.48	21,793.08
Group personal accident		5,004.26	5,756.01	6,822.27	6,822.27
Medical malpractice		3,249.94	2,549.94	2,024.61	8,754.41
Others		18,297.10	7,674.18	30,140.19	3,109.76
Sub-total		127,321.77	68,825.89	105,023.59	75,684.24
Miscellaneous					
(a) Bank charges		7,704.06	2,600.00	4,987.29	2,148.90
(b) Staff training		179,222.25	1,647.86	72,258.30	13,997.00
(c) Staff uniform		0.00	0.00	0.00	0.00
(d) Sundry expenses		29,021.39	199,195.00	29,612.44	39,550.10
(e) Sundry expenses-public announcement		0.00	0.00	0.00	0.00
(f) Staff programme		36,735.77	1,100.00	0.00	5,830.00
(g) Staff medical allowance		0.00	11,117.00	0.00	14,287.23
(h) Periodic fee for ORSO		257.00	0.00	258.00	0.00
(i) Subsidy Scheme-Po Nga Nursery School		0.00	0.00	0.00	0.00
(j) Subsidy Scheme-Occasional Child Care Service		13,286.44	0.00	38,631.14	0.00
(k) Subsidy Scheme-Extended Hours Services (EHS) User		0.00	0.00	0.00	0.00
(l) Subsidy for Manpower Enhancement for Aided KCCC		0.00	0.00	0.00	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		459,975.00	0.00	447,010.00	0.00
(p) Designated expenses-Flag Day	9	1,419,333.55	0.00	1,287,676.40	0.00
(q) Donation-Elderly Service		0.00	0.00	10,000.00	0.00
(r) Donation-Support Needy Family NS		82,000.00	0.00	0.00	0.00
(s) District Council Fund expenses		0.00	20,485.90	0.00	1,383,306.40
(t) The Community Chest-Capital Project Fund		732,710.00	0.00	0.00	0.00
(u) The Community Chest-"The Paving a Brighter Future" Project		910,706.56	0.00	1,029,150.16	0.00
(v) The Community Chest-"Hand in Hand : Pain Management and Fall Prevention Project in Family Perspective"		817,564.94	0.00	809,545.24	0.00
(w) Health Care and Promotion Fund-Non-research Health Promotion Project		0.00	0.00	0.00	0.00
(x) The Sir Robert Ho Tung Charitable Fund		112,200.00	0.00	117,800.00	0.00
(y) The Hong Kong Bank Foundation		0.00	690,473.80	0.00	0.00
(z) The Board of Management of The Chinese Permanent Cemeteries Fund		579,524.00	0.00	0.00	0.00
(aa) SWD-Opportunities for the Elderly Project		0.00	0.00	0.00	73,950.00
(ab) 蘋果日報慈善基金		0.00	11,200.00	0.00	11,975.90
(ac) SWD-One-off Special Grant		210,000.00	0.00	131,200.00	0.00
(ad) SWD-樂齡/康復創科基金支出		78,400.00	0.00	0.00	0.00
(ae) SWD-Subsidy Purchase Ware Items		61,200.00	0.00	0.00	0.00
(af) 好鄰舍基金撥款支出		0.00	86,278.00	0.00	72,340.00
(ag) Housing Department Subsidy		0.00	0.00	0.00	0.00
(ah) 社關月		0.00	0.00	13,746.00	0.00
(ai) 沙田民政處		0.00	11,930.00	0.00	0.00
Sub-total		5,729,840.96	1,036,027.56	3,991,874.97	1,617,385.53
Total Other Charges		8,321,259.88	2,463,662.49	6,445,172.22	4,148,261.88
Rent		734,794.00	1,201,877.20	728,809.00	928,732.80
Rates		65,600.00	6,700.00	102,080.00	50,010.70
Government Rent		80,064.00	12,168.00	82,223.91	12,348.00
Sub-total		880,458.00	1,220,745.20	913,112.91	991,091.50
TOTAL EXPENDITURE		28,496,737.53	8,796,110.82	25,346,781.62	10,112,448.91
INCOME LESS EXPENDITURE					
(A) - (B)		355,130.40	(1,238,928.72)	1,705,909.54	(1,028,084.52)

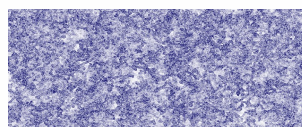
The notes on pages 5 to 11 form part of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2021
(Expressed in Hong Kong Dollars)

		2021		2020	
		Subvented Units	Financing Units	Subvented Units	Financing Units
ASSETS	Note	HK\$	HK\$	HK\$	HK\$
Current Assets					
Government Subvention Receivable		0.00	0.00	0.00	0.00
Accounts receivable		539,346.81	763,056.86	1,004.80	13,419.61
Prepayments		11,000.00	61,897.48	52,643.60	369,062.11
Temporary payment		1,486,357.64	52,160.09	3,214,436.64	378,269.76
Utilities deposits		47,030.00	142,707.70	50,352.00	109,957.70
Stocks on hand		0.00	0.00	0.00	0.00
Cash at bank	7	13,437,836.57	2,419,533.84	11,895,584.11	2,267,198.45
Cash in hand	7	33,747.20	20,650.90	12,520.00	21,345.80
Undeposit cash	7	7,348.00	0.00	11,337.41	0.00
		15,562,666.22	3,460,006.87	15,237,878.56	3,159,253.43
FUNDS EMPLOYED					
Current Liabilities					
Loan from church		0.00	569,837.75	0.00	369,837.75
Bank overdraft		0.00	0.00	0.00	0.00
Accounts payable	4	0.00	7,120.00	0.00	7,300.00
Temporary receipt		1,559,515.55	331,750.30	1,199,978.98	761,626.00
Fees received in advance		46,865.00	29,022.00	700.00	42,150.70
Current accounts with affiliates		0.00	0.00	0.00	0.00
Lump Sum Grant surplus		4,207,900.08	0.00	4,558,740.31	0.00
Provident Fund Reserve-existing staff		3,273.47	0.00	3,084.47	0.00
Provident Fund Reserve-6.8% post & others		1,839,612.64	0.00	1,886,327.46	0.00
Rent and Rates subvention surplus		31,595.55	0.00	(38,108.24)	0.00
SWD subvention for Special One-Off Grant		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		29,113.56	0.00	3,768.86	0.00
SWD subvention for Extended Hours Services (EHS) User		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 Training Subsidy Scheme- Integrated Program		138,694.00	0.00	138,694.00	0.00
		7,859,273.85	937,730.05	7,755,889.84	1,180,914.45
Accumulated General Fund	5	1,394,945.24	1,279,353.72	1,008,689.32	1,388,883.59
Designated Fund - Flag Days		324,841.20	600,806.95	154,521.18	81,847.74
Other Designated Funds	6	5,983,605.93	642,116.15	6,318,778.22	507,607.65
		15,562,666.22	3,460,006.87	15,237,878.56	3,159,253.43



So Chun Ho
(Chairman)



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

The notes on pages 5 to 11 form parts of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2021
(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.

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(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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(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 2021 :

(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 Services Centre
6. EFCC - Lok Yan Learning Centre

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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 2021, 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

	2021		2020	
	Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
Accrued expenses	0.00	720.00	0.00	900.00
Provision for audit fees	0.00	6,400.00	0.00	6,400.00
	<u>0.00</u>	<u>7,120.00</u>	<u>0.00</u>	<u>7,300.00</u>

5 Accumulated General Fund

	2021		2020	
	Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
At the beginning of the year	1,008,689.32	1,388,883.59	731,714.61	1,058,163.24
Unallocated costs in previous years	0.00	0.00	0.00	0.00
Social Welfare subvention surplus	286,429.09	0.00	(1,403,682.72)	0.00
Fund raising by Association	0.00	1,077,946.68	0.00	1,044,400.00
Transferred (to)/from Designated Fund	(255,303.57)	51,452.17	(25,252.11)	314,404.87
Surplus/(Deficit) for the year	<u>355,130.40</u>	<u>(1,238,928.72)</u>	<u>1,705,909.54</u>	<u>(1,028,084.52)</u>
At the end of the year	<u>1,394,945.24</u>	<u>1,279,353.72</u>	<u>1,008,689.32</u>	<u>1,388,883.59</u>

The Association of Evangelical Free Churches of Hong Kong (Social Services)
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6 Other Designated Funds

(a) Movements on other Designated Funds

	2021		2020	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
At the beginning of the year	6,318,778.22	507,607.65	6,039,434.32	604,075.65
Income for the year	2,526,332.54	166,816.50	2,015,244.69	102,172.00
Expenditure for the year	(2,861,504.83)	(32,308.00)	(1,735,900.79)	(198,640.00)
At the end of the year	5,983,605.93	642,116.15	6,318,778.22	507,607.65

(b) Details of other Designated Funds

	2021		2020	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Social Service Fund	1,360,834.51	0.00	2,064,900.49	0.00
Social Service Development Fund	959,978.75	0.00	1,065,100.18	0.00
Fund Raising	1,820,256.83	0.00	1,796,349.21	0.00
Staff Welfare	575,169.59	0.00	1,827.39	0.00
Staff Development	18,560.00	0.00	18,560.00	0.00
SSO Child Care Service	0.00	0.00	6,867.48	0.00
Service Units (ECs)	1,100,312.98	0.00	1,104,388.92	0.00
Care for Elderly Charitable Raffle Tickets (ECs)	103,028.85	160,552.17	100,941.93	135,796.67
Walkathon (HF)	0.00	105,059.78	0.00	105,059.78
Renovation	0.00	0.00	0.00	0.00
護理同行計劃 (FOCEC)	45,464.42	0.00	159,842.62	0.00
NS Child Care Service (NSs)	0.00	0.00	0.00	0.00
駐校輔導服務 (NSs)	0.00	0.00	0.00	0.00
集思公益計劃 (FAC)	0.00	0.00	0.00	0.00
信望愛 (HH)	0.00	241,226.20	0.00	153,616.20
學童課餘託管計劃 (LokYan)	0.00	37,800.00	0.00	37,800.00
好鄰舍 (SOSSC)	0.00	52,657.00	0.00	55,335.00
長、智、識 (CFCNFSC)	0.00	14,821.00	0.00	0.00
Long Service Payment (CFCNFSC)	0.00	30,000.00	0.00	0.00
Centre Fund (CFCNFSC)	0.00	0.00	0.00	20,000.00
	5,983,605.93	642,116.15	6,318,778.22	507,607.65

7 Cash and cash equivalents

	2021		2020	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Cash and bank balances	13,478,931.77	2,440,184.74	11,919,441.52	2,288,544.25

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8 Note to the Financial Statements of Community Care Fund Assistance Programmes for the year ended 31 March 2021

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

	2021 HKD	2020 HKD	2019 HKD	2018 HKD	2017 HKD	2016 HKD	2015 HKD
Balance at the beginning of the year	-	-	-	-	-	-	-
Income							
Subsidy from CCF	49,320.00	87,240.00	67,260.00	53,400.00	63,800.00	55,000.00	32,200.00
Adjustment		(14,160.00)					
Total Income	49,320.00	73,080.00	67,260.00	53,400.00	63,800.00	55,000.00	32,200.00
Expenditure							
Audit fee	8,220.00	12,020.00	8,150.00	8,800.00	8,400.00	7,900.00	3,400.00
Adjustment for audit fee		(650.00)					
Salaries and Allowances	36,168.00	66,216.00	51,740.00	39,260.00	49,020.00	41,600.00	25,580.00
Adjustment for salaries and allowances		(11,904.00)					
Provident fund contributions	1,808.40	3,310.80	2,587.00	1,963.00	2,451.00	2,080.00	1,279.00
Adjustment for provident fund contributions		(595.20)					
Stores and equipment	1,479.60	3,345.20	3,253.00	1,617.00	2,249.00	1,840.00	1,261.00
Adjustment for stores and equipment		(918.80)					
Repair and maintenance							
Programme expenses							
Transportation and travelling							
Miscellaneous	1,644.00	2,348.00	1,530.00	1,760.00	1,680.00	1,580.00	680.00
Adjustment for miscellaneous		(92.00)					
Other Expenditure (Please specify)							
Total Expenditure	49,320.00	73,080.00	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 Flay Day Event (hold on 20 March 2021)

1. As stated in the public subscription permit no.FD/T014/2020, the purpose and allocation of the funds of the flag day fund-raising is used as

<u>Units</u>	<u>Purpose</u>	<u>%</u>	<u>Allocation Amount</u>
(1) Evangel Children Home	Self-financing services and projects	6%	85,160.00
(2) EFCC-Choi Fook Church Neighbourhood Family Service Centre	Recurrent expenses	8%	113,546.68
(3) EFCC-Abundant Grace Church Family Activity Centre	Recurrent expenses	6%	85,160.00
(4) EFCC-Lok Yan Learning Centre	Recurrent expenses	6%	85,160.00
(5) EFCC-Shun On Social Service Centre	Recurrent expenses, self-financing projects and services, minor renovation works, and purchase of equipments	4%	56,773.34
(6) EFCC-Hong Fook Church Bradbury Community Health Development Centre	Recurrent expenses, self-financing projects and services, minor renovation works, and purchase of equipments	8%	113,546.68
(7) EFCC-Hong Fook Church Chan Poon Pui Ching Memorial Elderly Centre	Recurrent expenses, self-financing projects and services, minor renovation works, and purchase of equipments	8%	113,546.68
(8) EFCC-Fook On Church Elderly Centre	Self-financing projects and services, designated projects, minor renovation works, and purchase of equipments	4%	56,773.34
(9) EFCC-Hing Tin Wendell Memorial Church Alison Lam Elderly Centre	Self-financing projects and services, designated projects, minor renovation works, and purchase of equipments	4%	56,773.34
(10) EFCC-Mei Foo Elderly Centre	Self-financing projects and services, designated projects, minor renovation works, and purchase of equipments	4%	56,773.34
(11) EFCC-Po Nga Nursery School	Minor renovation works and purchase of equipments	4%	56,773.34
(12) EFCC-Abundant Grace Church Abundant Grace Nursery School	Minor renovation works and purchase of equipments	4%	56,773.34
(13) EFCC-Verben Nursery School	Minor renovation works and purchase of equipments	4%	56,773.34
(14) EFCC-Tin Yan Nursery School	Minor renovation works and purchase of equipments	4%	56,773.34
(15) Service Development Fund	Supporting service units	16%	227,093.37
(16) Service Support Fund	Subsidizing the operations of Social Service Office	10%	141,933.42
			1,419,333.55

All the flag day proceeds collected (i.e. HK\$1,460,200.52) have been credited to the designated bank account of the The Association of Evangelical Churches of Hong Kong before being used for payment of expenditure for flag days and/or the purpose specified in the permit on or before 31 March 2021.

10 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.

11 Reclassification of accounts

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

12 Approval of the financial statements

The financial statements had been approved by the Executive Committee on 4 October 2021.