

## CHRISTIAN FAMILY SERVICE CENTRE

### DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the year ended 31 March, 2009.

#### Principal activities

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

#### Accounts

The results of the Centre's activities for the year ended 31 March, 2009 and the state of affairs of the Centre as at that date are set out in the financial statements on pages 100 to 122.

#### Fixed assets

Particulars of fixed assets are set out in note 5 to the financial statements.

#### Centre Status

The Centre is a company incorporated in Hong Kong with liability limited by guarantee.

#### Reserves

The movements in reserves are set out in notes 10 to 17 in the financial statements.

#### Directors

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

Professor Alex Kwan Yui-huen (Chairman)  
 Rev. Daniel Li Yat-shing (Vice-chairman)  
 Mr. Nicholas Chiu Sai-chuen, B.B.S., M.B.E., J.P. (Hon. Treasurer)  
 Dr. Miranda Chan Lai-foon  
 Professor Sophia Chan Siu-chee  
 Rev. Kan Kei-pui  
 Rev. Dr. Li Ping-kwong  
 Her Hon. Judge Maggie Poon Man-kay  
 Mr. Thomas Tsang Fuk-chuen  
 Mr. Wong Sing-chi  
 Miss Nora Yau Ho-chun, J.P.  
 Dr. Lawrence Yick Kar-lim  
 Dr. Alice Yuk Tak-fun, J.P.  
 Rev. Yung Chuen-hung  
 Major Simon Tso Kam-shing (appointed on 1 January, 2009)  
 Lt-Col. Alfred Tsang Hing-man (resigned on 31 December, 2008)

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

## CHRISTIAN FAMILY SERVICE CENTRE

## DIRECTORS' REPORT

**Directors' interest**

No contract of significance in relation to the Centre's operation, to which the Centre 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.

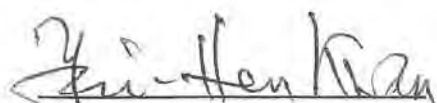
**Directors' benefits from rights to acquire share or debenture**

At no time during the year was the Centre a party 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.

**Auditors**

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 9<sup>th</sup> September, 2009

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

(incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Christian Family Service Centre set out on pages 100 to 122, which comprise the balance sheet as at 31 March, 2009, and the income and expenditure account, statement of changes in reserves and funds and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Directors' responsibilities for the financial statements*

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the Hong Kong Companies Ordinance, the "Lump Sum Grant Manual", the "Guide to Social Welfare Subventions" and other instructions issued by the Director of Social Welfare. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit, and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, 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 as to 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 Centre's preparation and true and fair presentation of the financial statements 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 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 (continued)**  
**TO THE MEMBERS OF CHRISTIAN FAMILY SERVICE CENTRE**

(incorporated in Hong Kong and limited by guarantee)

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*Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Centre's affairs as at 31 March, 2009 and of its 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 other instructions issued by the Director of Social Welfare from time to time.



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Fan, Chan & Co.  
Certified Public Accountants  
Hong Kong, 9<sup>th</sup> September, 2009

## CHRISTIAN FAMILY SERVICE CENTRE

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH, 2009



	2009 HK\$	2008 HK\$
<b>Income</b>		
Social Welfare Department subvention	152,454,214.00	135,364,371.00
Community Chest allocation	1,731,135.00	1,648,700.00
Hong Kong Jockey Club Charities Trust subvention	2,688,788.95	2,283,000.00
Education Bureau subvention	1,137,336.38	1,113,156.50
Fee income	33,492,883.65	29,990,770.74
Program income	17,845,653.66	17,472,754.67
Donations and others	12,273,045.62	9,233,863.82
Interest income	1,059,902.26	2,033,255.52
	222,682,959.52	199,139,872.25
Deduct:		
<b>Expenditures</b>		
Personal emoluments	162,694,587.70	138,488,565.30
Utility expenses	5,504,160.89	5,055,298.54
Food	8,174,681.22	6,956,565.21
Administrative expenses	1,156,852.33	1,035,515.44
Stores and equipment	9,192,013.41	6,025,705.06
Maintenance for special equipment	567,059.42	532,421.00
Renovation expenses	401,075.90	1,691,104.88
Transportation and traveling	1,257,658.53	1,033,804.07
Program expenses	14,612,769.89	14,674,844.12
Allowances for special purpose	232,982.00	165,884.80
Home and equipment improvement scheme	1,537,676.60	-
Hire of service	1,853,075.48	1,715,661.44
Incentive payment	826,536.50	826,355.00
Infirmity care supplement	648,734.38	435,517.59
Dementia supplement	213,989.30	258,027.68
Visiting medical services	87,835.40	110,150.00
Insurance premium	1,851,083.58	1,487,893.65
Clients' medical care and supplies	1,379,668.40	1,529,914.82
Rent and rates	6,824,652.00	6,872,317.50
Miscellaneous	942,868.50	611,619.12
	219,959,961.43	189,507,165.22
<b>Total expenditures</b>		
	2,722,998.09	9,632,707.03
<b>Surplus for the year</b>		

## CHRISTIAN FAMILY SERVICE CENTRE

BALANCE SHEET  
AT 31 MARCH, 2009

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Annual Accounts 2009

	Note	2009 HK\$	2008 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	5	12,349,209.43	10,150,051.66
Available-for-sale investments	6	19,948,382.22	22,695,352.94
		32,297,591.65	32,845,404.60
<b>Current assets</b>			
Debtors, deposits and prepayments	7	3,106,313.68	2,813,687.81
Lotteries Fund receivable		2,604,260.01	1,292,057.27
Cash and cash equivalents	8	93,890,927.85	87,118,763.98
		99,601,501.54	91,224,509.06
<b>Current liabilities</b>			
Accounts payable	9	10,509,850.42	7,724,113.26
Deferred income		3,558,344.43	2,364,130.56
		14,068,194.85	10,088,243.82
<b>Net current assets</b>		85,533,306.69	81,136,265.24
<b>Total assets less current liabilities</b>		117,830,898.34	113,981,669.84
<b>Non-current liabilities</b>			
Deferred income		5,050,394.94	3,955,656.89
<b>Net assets</b>		112,780,503.40	110,026,012.95
<b>Representing :-</b>			
General fund			
- Accumulated Surplus	10	7,508,761.61	7,562,985.03
Social Welfare Department Funds			
- SWD subvention fund account	11	19.84	1,232.05
- SWD Lump Sum Grant reserve fund	12	38,065,916.14	41,187,347.89
- SWD provident fund reserve	13	10,686,981.65	9,079,255.46
- SWD one-off subsidy	14	1,206,991.44	-
Education Bureau reserve	15	(18,748.09)	104,505.19
F & E Replenishment and Minor Works Block			
Grant reserve	16	1,281,488.86	1,153,623.53
Specific funds	17	53,746,138.48	50,193,428.64
Investment revaluation reserve		227,973.72	692,595.16
Translation reserve		74,979.75	51,040.00
		112,780,503.40	110,026,012.95

The financial statements were approved by the Board on 9<sup>th</sup> September, 2009  
and are signed on its behalf by :

Chairman

Hon. Treasurer

Chief Executive

CHRISTIAN FAMILY SERVICE CENTRE  
 STATEMENT OF CHANGES IN RESERVES AND FUNDS  
 FOR THE YEAR ENDED 31 MARCH, 2009

	General fund HK\$	SWD subvention fund account HK\$	SWD Lump Sum Grant reserve fund HK\$	SWD provident fund reserve HK\$	Education Bureau reserve HK\$	Replenishment and Minor Works Block Grant reserve HK\$	Specific funds HK\$	Investment revaluation reserve HK\$	Translation reserve HK\$	Total HK\$
Balance at 1 April, 2007	6,247,267.27	6,342.00	37,299,216.78	7,613,950.80	488,795.35	885,251.11	46,417,256.75	(251,890.11)	654.66	98,706,844.61
Adjustment of deficit recovery	(2,375.90)	-	-	-	-	-	-	-	-	(2,375.90)
Surplus for the year	9,632,707.03	-	-	-	-	-	-	-	-	9,632,707.03
Surplus attributable to SWD Lump Sum Grant reserve fund	(5,767,507.65)	-	5,767,507.65	-	-	-	-	-	-	-
Funds transfer	(2,547,105.72)	-	(1,465,304.66)	1,465,304.66	(384,290.16)	-	2,931,395.88	-	-	-
Interest income	-	1,232.05	-	-	-	30,441.82	-	-	-	31,673.87
Amount refunded to Government	-	(6,342.00)	(414,071.88)	-	-	-	-	-	-	(420,413.88)
Block Grant received	-	-	-	-	-	983,000.00	-	-	-	983,000.00
Block Grant expenditure	-	-	-	-	-	(745,069.40)	-	-	-	(745,069.40)
Receipts from specific funds	-	-	-	-	-	-	5,133,591.59	-	-	5,133,591.59
Payment for specific funds	-	-	-	-	-	-	(4,776,150.58)	-	-	(4,776,150.58)
Reversal of depreciation	-	-	-	-	-	-	487,335.00	-	-	487,335.00
Exchange difference arising on translation of available-for-sale investments	-	-	-	-	-	-	-	-	50,385.34	50,385.34
Gain on available-for-sale investments	-	-	-	-	-	-	-	944,485.27	-	944,485.27
Net surplus / (deficit)	1,315,717.76	(5,109.95)	3,888,131.11	1,462,304.66	(384,290.16)	268,372.42	3,776,171.89	944,485.27	50,385.34	11,319,168.34
Balance at 31 March, 2008	7,562,985.03	1,232.05	41,187,347.89	9,079,255.46	104,505.19	1,153,623.53	50,193,426.64	692,595.16	51,040.00	110,026,012.95

CHRISTIAN FAMILY SERVICE CENTRE  
STATEMENT OF CHANGES IN RESERVES AND FUNDS  
FOR THE YEAR ENDED 31 MARCH, 2009

	General fund HK\$	SWD subvention fund account HK\$	SWD Lump Sum Grant reserve fund HK\$	SWD provident fund reserve HK\$	SWD one-off subsidy HK\$	Education Bureau reserve HK\$	F & E Replenishment and Minor Works Block Grant reserve HK\$	Specific funds HK\$	Investment revaluation reserve HK\$	Transition reserve HK\$	Total HK\$
Balance at 1 April, 2008	7,462,985.03	1,232.05	41,187,347.89	9,079,255.46	-	104,505.19	1,153,623.53	50,193,428.64	692,595.16	51,040.00	110,026,012.95
Adjustment of deficit recovery	1,340.38	-	-	-	-	-	-	-	-	-	1,340.38
Surplus for the year	2,722,998.09	-	-	-	-	-	-	-	-	-	2,722,998.09
Surplus attributable to SWD Lump-Sum Grant reserve fund	1,123,215.23	-	(1,123,215.23)	-	-	-	-	-	-	-	-
Funds transfer	(3,901,777.12)	-	(1,546,280.19)	1,607,726.19	-	(123,253.28)	-	3,963,584.40	-	-	-
Interest income	-	20.28	-	-	-	-	3,312.74	-	-	-	3,333.03
Amount refunded to Government	-	(1,232.50)	(451,936.33)	-	-	-	-	-	-	-	(453,168.83)
Block Grant received	-	-	-	-	-	-	892,000.00	-	-	-	892,000.00
Block Grant expenditure	-	-	-	-	-	-	(767,447.41)	-	-	-	(767,447.41)
Receipts from specific funds	-	-	-	3,456,567.00	-	-	-	3,302,076.52	-	-	6,758,643.52
Payment for specific funds	-	-	-	(2,249,575.56)	-	-	-	(3,430,647.83)	-	-	(5,680,223.39)
Reversal of depreciation	-	-	-	-	-	-	-	(282,303.35)	-	-	(282,303.35)
Exchange difference arising on translation of available-for-sale investments	-	-	-	-	-	-	-	-	23,939.75	-	23,939.75
Gain on available-for-sale investments	-	-	-	-	-	-	-	-	(464,621.44)	-	(464,621.44)
Net surplus / (deficit)	(54,223.42)	(1,212.21)	(3,121,431.75)	1,607,726.19	1,206,991.44	(123,253.28)	127,865.33	3,552,709.54	(464,621.44)	23,939.75	2,754,480.45
Balance at 31 March, 2009	7,508,761.61	19.84	38,065,916.14	10,686,981.65	1,206,991.44	(18,748.09)	1,281,488.86	53,746,138.48	227,973.72	74,979.75	112,780,503.40



**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 MARCH, 2009

	Note	2009 HK\$	2008 HK\$
<b>Operating activities</b>			
Surplus for the year		2,722,998.09	9,632,707.03
Net payment on SWD subvention fund account		(1,232.50)	(6,342.00)
Net payment on SWD Lump sum grant reserve fund		(451,936.33)	(414,071.88)
Net receipt on SWD one-off subsidy		1,206,991.44	-
Net receipt on F & E replenishment and minor works block grant		124,552.59	237,930.60
Net (payment) receipt on specific funds		(410,874.56)	844,776.01
Adjustments for:			
Surplus/(deficit) recovery		1,340.38	(2,375.90)
Exchange differences		23,939.75	50,385.34
Depreciation		6,402,310.20	4,836,951.66
Interest income		(1,059,902.26)	(2,033,255.52)
Operating surplus before changes in working capital		8,558,186.80	13,146,705.34
Increase in debtors, deposits and prepayments		(292,625.87)	(670,670.80)
Increase in Lotteries Fund receivable		(1,312,202.74)	(109,667.50)
Increase in account payables		2,785,737.16	1,824,192.83
Increase in deferred income		2,288,951.92	2,676,475.59
Increase in pledged fixed deposits		(442,117.80)	(11,615.60)
<b>Cash flow from operating activities</b>		<b>11,585,929.47</b>	<b>16,855,419.86</b>
<b>Investing activities</b>			
Interest received		1,063,235.29	2,064,929.39
Purchase of fixed assets		(8,601,467.97)	(8,064,112.00)
Acquisition of available-for-sale investments		(9,921,112.50)	(4,897,152.00)
Proceeds from sale of available-for-sale investments		12,203,461.78	22,039,364.15
<b>Cash flow (used in) from investing activities</b>		<b>(5,255,883.40)</b>	<b>11,143,029.54</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,330,046.07</b>	<b>27,998,449.40</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>86,739,623.38</b>	<b>58,741,173.98</b>
<b>Cash and cash equivalents at the end of the year</b>	8	<b>93,069,669.45</b>	<b>86,739,623.38</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009**1. Background information**

The Centre was incorporated on 20 July, 1971 as a company limited by guarantee. The address of Centre's registered office and principal place of operation is located at 10/F., 3 Tsui Ping Road, Kwun Tong, Kowloon. The principal activities of the Centre are the provision of family service, children and youth service, elderly service, rehabilitation service, community development service, health service, etc. to the needy people in Hong Kong with a view to manifesting the love of God and enhancing family life.

The Centre's financial statements are presented in Hong Kong dollars because that is the currency of primary economic environment in which the Centre operates.

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

In the current year, the Centre has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January, 2008. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Centre's accounting policies and amounts reported for the current year and prior years.

The Centre has not applied the new HKFRSs that have been issued but are not yet effective. The Centre has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

**3. Significant accounting policies****a. Property, plant and equipment**

Property, plant and equipment including buildings held for use for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

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 and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009**b. Available-for-sale investment**

Available-for-sale investment are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transactions costs.

Gains and losses arising from changes in fair value are recognised directly in reserve, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in reserve is included in the surplus or deficit for the period. Impairment losses recognised in surplus or deficit for equity investments classified as available-for-sale are not subsequently reversed through surplus or deficit.

**c. Income recognition**

Subvention income are recognised in the accounting period for which generally matched with the related costs incurred.

Donation income and interest income are recognised in the financial statements on cash receipt basis.

Fee income and program income are recognised when the relevant events are rendered.

F& E Replenishment and Minor Works Block Grant and Lotteries fund grants related to depreciable assets are usually recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

**d. Operating leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the lessee. All other leases are classified as operating leases.

The Centre as lessee

Rental payable under operating leases are charged to income and expenditure account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

**e. Social Welfare Department ("SWD") funds**

SWD subvention fund account

Any surplus from subvented activities excluding Lump Sum Grant ("LSG") during the year plus interest earned thereon are reflected in the Social Welfare Department subvention fund account. Such surplus from subvented activities not included in LSG is refundable to the Social Welfare Department.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009**SWD Lump Sum Grant reserve fund**

Any surplus from Funding and Service Agreement (FSA) activities under Lump Sum Grant during the year plus interest earned thereon are reflected in the Lump Sum Grant reserve fund. The Centre will implement facilitating measures to withhold the clawback of LSG reserve above the 25% cap for three years for the financial years from 2004/2005 to 2006/2007 to be carried out in 2006/2007 to 2008/2009. The request to extend the period of withholding of clawback for more than three years would need to provide detailed justifications for consideration by SWD on a case by case basis in accordance with the existing provision in the LSG Manual. Formerly, the level of cumulative reserves (including interest but excluding provident fund reserve) at the financial year end will be capped at 25% of the Centre's operating expenditure (excluding provident fund expenditure) for that year. Any amount above this cap needs to be refunded to the Government in the following financial year, unless the cap is raised by the Director of Social Welfare upon application with justification from the Centre.

**SWD provident fund reserve**

Any surplus from FSA activities under Lump Sum Grant are reflected in the provident fund reserve. Any surplus of provident fund reserve can only be used for provident fund commitments in the future.

**SWD one-off subsidy**

Any unspent balance from SWD one-off subsidy during the year plus interest earned thereon are reflected in the One-off subsidy. Such unspent balance can be carried forward to the next financial year for use to reinforce the organizational re-structuring and service re-engineering efforts.

**f. Education Bureau (EB) reserve**

Any surplus from aided day creche and day nursery formerly under SWD have been transferred to the kindergartens under EB on 1st September, 2005. Thereafter, any surplus from the kindergartens under EB will be kept in EMB reserve until expiry or early termination of the service agreement of the activities.

**g. F & E Replenishment and Minor Works Block Grant reserve**

Any unspent balance from Block Grant of the Lotteries Fund during the year plus interest earned thereon are reflected in the F & E Replenishment and Minor Works Block Grant reserve. Such unspent balance can be carried forward to the next financial year for use to facilitate good planning and prudent spending.

**h. Employee benefits**

Salaries, annual leave and the cost to the Centre of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Centre.

The Centre operates two defined contribution schemes, the Occupational Retirement Scheme (the "ORS Scheme"), and the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") for those employees who are eligible to participate in the Schemes. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income and expenditure account as they become payable in accordance with the rules of the Schemes. The assets of the Schemes are held separately from those of the Centre in an independently administered fund.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009**i. Foreign currencies**

Transaction in currencies other than Hong Kong dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net surplus or deficit for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in reserve.

**j. Impairment of tangible assets**

At each balance sheet date, the Centre reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Centre estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**k. Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Where the effect of discounting would be immaterial, the receivables are stated at cost less impairment losses for bad and doubtful debts.

**l. Payables**

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

**m. Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank deposits and other short term highly liquid investments.

**n. Contingent liabilities**

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

**4. Critical accounting estimates and judgements**

The Centre makes estimates and assumptions concerning the future. The estimates 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:

**Depreciation and amortisation**

The Centre's carrying amount of property, plant and equipment as at 31 March, 2009 was HK\$12,349,209.43. The Centre depreciates the property, plant and equipment over the estimated useful lives, as stated in note 3, and after taking into account of their estimated residual value, commencing from the date the property, plant and equipment are placed into operating use. The estimated useful lives and dates that the Centre places the property, plant and equipment into operating use reflects the executive committee's estimate of the periods that the Centre intend to derive future economics benefits from the use of the Centre's property, plant and equipment.

**5. Property, plant and equipment****Centre's headquarters**

The Centre's headquarters is situated at 3 Tsui Ping Road, Kwun Tong, Kowloon. The building costs of the headquarters have been financed by specific funds, Lotteries Fund and funds raised from flag day. The building costs of the headquarters are charged immediately against the respective accounts of specific funds, Lotteries Fund and flag day funds. The land of the headquarters was donated to the Centre 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.

	<b>Building cost of Headquarters HK\$</b>
<b>At cost</b>	
Brought forward and carried forward	93,000,000.00
<hr/>	
<b>Charged against specific funds and Lotteries Fund</b>	
Brought forward and carried forward	93,000,000.00
<hr/>	
<b>Net book value</b>	
Brought forward and carried forward	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2009

	Head- quarters land HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
<b>Cost</b>					
At 1 April, 2008	1.00	7,888,962.75	1.00	11,036,482.68	18,925,447.43
Additions	-	4,256,978.50	1,774,732.80	2,569,756.67	8,601,467.97
At 31 March, 2009	1.00	12,145,941.25	1,774,733.80	13,606,239.35	27,526,915.40
<b>Accumulated depreciation</b>					
At 1 April, 2008	-	4,846,115.33	-	3,929,280.44	8,775,395.77
Charge for the year	-	3,326,110.25	354,952.80	2,721,247.15	6,402,310.20
At 31 March, 2009	-	8,172,225.58	354,952.80	6,650,527.59	15,177,705.97
<b>Net book value</b>					
At 31 March, 2009	1.00	3,973,715.67	1,419,781.00	6,955,711.76	12,349,209.43
<b>Cost</b>					
At 1 April, 2007	1.00	4,481,783.15	1.00	6,379,550.28	10,861,335.43
Additions	-	3,407,179.60	-	4,656,932.40	8,064,112.00
At 31 March, 2008	1.00	7,888,962.75	1.00	11,036,482.68	18,925,447.43
<b>Accumulated depreciation</b>					
At 1 April, 2007	-	2,216,461.90	-	1,721,982.21	3,938,444.11
Charge for the year	-	2,629,653.43	-	2,207,298.23	4,836,951.66
At 31 March, 2008	-	4,846,115.33	-	3,929,280.44	8,775,395.77
<b>Net book value</b>					
At 31 March, 2008	1.00	3,042,847.42	1.00	7,107,202.24	10,150,051.66

The above items of property, plant and equipment are depreciated on a straight line basis over their useful lives as below :

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

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

**6. Available-for-sale investments**

	2009 HK\$	2008 HK\$
<b>At Market value</b>		
Debt securities, overseas	19,948,382.22	22,695,352.94

At 31 March, 2009, the amounts of the Centre's holdings in the following investment exceeded 10% of total assets of the Centre: -

Unlisted debt securities in Oversea-Chinese Banking Corp. Ltd, Korea Development Bank and The Export-Import Bank of Korea managed by RBS Coutts Bank Limited. Unlisted debt securities in ANZ National International Limited is managed by Fortis Private Banking Singapore Limited.

Other particulars required to be disclosed under Section 129(2) of the Companies Ordinance are not available.

**7. Debtors, deposits and prepayments**

	2009 HK\$	2008 HK\$
Utility deposits	746,982.07	749,419.07
Sundry debtors and prepayments	2,359,331.61	2,064,268.74
	<u>3,106,313.68</u>	<u>2,813,687.81</u>

All of the debtors, deposits and prepayments are expected to be recovered or recognised as expense within one year.

All of the receivables were neither past due nor impaired and mainly relate to grants receivable from government and other social welfare bodies. The directors considers these balances are fully recoverable.

All debtors, deposits and prepayments are denominated in Hong Kong dollars.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

**8. Cash and cash equivalents**

	2009	2008
	HK\$	HK\$
Bank balances -		
Savings accounts	8,229,983.61	7,470,109.70
Current accounts	1,489,096.16	1,436,387.89
Fixed deposits	82,930,232.10	77,101,452.68
Money market instruments	1,101,912.41	979,533.44
Cash balances	139,703.57	131,280.27
<hr/>		
Cash and cash equivalents in the balance sheet	93,890,927.85	87,118,763.98
Less: Pledged fixed deposits (note 22)	821,258.40	379,140.60
<hr/>		
Cash and cash equivalents in the cash flow statement	93,069,669.45	86,739,623.38

Bank balances and cash comprise cash held by the Centre and fixed deposits with an original maturity of less than three months.

Bank balances are interest bearing at respective saving deposits rate in Hong Kong, and the effective interest rates of the Centre's bank balances ranged from 0.2% to 1.15% (2008: 0.59% to 2.85%) per annum.

**9. Account payables**

	2009	2008
	HK\$	HK\$
Receipts in advance and deposits received	671,235.30	627,329.60
Account payables and accrued charges	9,838,615.12	7,096,783.66
<hr/>		
	10,509,850.42	7,724,113.26

All account payables are denominated in Hong Kong dollars.

## CHRISTIAN FAMILY SERVICE CENTRE

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 31 MARCH, 2009
**10. General fund**

	2009 HK\$	2008 HK\$
Surplus brought forward	7,562,985.03	6,247,267.27
Adjustment of deficit recovery	1,340.38	(2,375.90)
	7,564,325.41	6,244,891.37
Surplus for the year	2,722,998.09	9,632,707.03
Transfer to Lump Sum Grant reserve fund	1,123,215.23	(5,767,507.65)
Transfer to SWD provident fund reserve (Note 13)	(61,446.00)	-
Transfer from EB reserve (Note 15)	123,253.28	384,290.16
Transfer to CFSC designated fund (Note 17a)	(3,778,277.39)	(2,829,698.65)
Transfer from Single Parent Family Service (Note 17c)	-	21,388.70
Transfer from Education Bureau (SWD-Youth) (Note 17l)	-	530.50
Transfer from Miscellaneous Funds (Note 17o)	-	5,858.97
Transfer to Anti-poverty project for youngster fund (Note 17g)	(185,307.01)	(129,475.40)
	(55,563.80)	1,318,093.66
Surplus carried forward	7,508,761.61	7,562,985.03

**11. SWD subvention fund account**

	2009 HK\$	2008 HK\$
Balance brought forward	1,232.05	6,342.00
Add: Interest income	20.29	1,232.05
Less: Surplus recovery by SWD	(1,232.50)	(6,342.00)
Balance carried forward	19.84	1,232.05

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 31 MARCH, 2009

## 12. SWD Lump Sum Grant reserve fund

	2009 HK\$	2008 HK\$
(a) Lump Sum Grant		
Balance brought forward	33,963,429.88	33,314,665.66
Surplus for the year	(2,288,789.68)	2,150,538.88
Transfer to SWD Provident fund Reserve (Note 13)	(1,546,280.19)	(1,465,304.66)
Transfer to Central items	(413.30)	(36,470.00)
Balance carried forward	30,127,946.71	33,963,429.88
(b) Special One-Off Grant		
Balance brought forward	1,459,360.00	700,247.60
(Deficit) / surplus for the year	(1,459,360.00)	722,642.40
Transfer from Lump Sum Grant	-	36,470.00
Balance carried forward	-	1,459,360.00
(c) Interest income		
Balance brought forward	5,178,379.80	3,162,442.45
Interest income for the year	1,058,183.21	2,015,937.35
Balance carried forward	6,236,563.01	5,178,379.80
(d) Rent and rates		
Balance brought forward	(154,221.54)	(594,827.54)
(Deficit) / surplus for the year	(58,056.30)	495,722.10
Refund to Government	(105,642.30)	(55,116.10)
Balance carried forward	(317,920.14)	(154,221.54)
(e) Central items		
Balance brought forward	740,399.75	716,688.61
Surplus for the year	1,624,807.54	382,666.92
Transfer from Lump Sum Grant	413.30	-
Refund to Government	(346,294.03)	(358,955.78)
Balance carried forward	2,019,326.56	740,399.75
Total	38,065,916.14	41,187,347.89

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

13. SWD provident fund reserve	2009 HK\$	2008 HK\$
Surplus brought forward	9,079,255.46	7,613,950.80
Transfer from SWD Lump Sum Grant reserve fund (Note 12)		
Existing staff	284,285.79	608,913.43
6.8% and other posts	1,261,994.40	856,391.23
Transfer from general fund (Note 10)	61,446.00	-
	1,607,726.19	1,465,304.66
Balance carried forward	10,686,981.65	9,079,255.46
14. SWD one-off subsidy	2009 HK\$	2008 HK\$
Balance brought forward	-	-
Add : One-off subsidy received	3,456,042.00	-
Interest income received	-	-
	3,456,042.00	-
Less : Expenditure during the year		
Staff training	131,215.04	-
Improvement to existing service delivery and service quality	137,300.00	-
Manpower support	1,980,535.52	-
	2,249,050.56	-
Balance carried forward	1,206,991.44	-
15. Education Bureau reserve	2009 HK\$	2008 HK\$
Balance brought forward	104,505.19	488,795.35
Transfer to general fund (Note 10)	(123,253.28)	(384,290.16)
Balance carried forward	(18,748.09)	104,505.19

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

16. F & E Replenishment and Minor Works Block Grant reserve	2009 HK\$	2008 HK\$
Balance brought forward	1,153,623.53	885,251.11
Add: Block Grant received	892,000.00	983,000.00
Interest income received	3,312.74	30,441.82
	<u>2,048,936.27</u>	<u>1,898,692.93</u>
Less: Expenditure during the year		
Minor Works Projects	312,608.60	336,599.40
Furniture & Equipment	454,838.81	408,470.00
	<u>767,447.41</u>	<u>745,069.40</u>
Balance carried forward	<u>1,281,488.86</u>	<u>1,153,623.53</u>

**Capital commitment**

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

	2009 HK\$	2008 HK\$
Contracted for but not provided in the financial statements	-	-
Authorised but not contracted for	-	-
	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

**17. Specific funds**

	2009 HK\$	2008 HK\$
(a) CFSC Designated Fund -		
Balance brought forward	25,788,574.19	22,600,881.70
Add : Receipts	555,103.92	575,869.61
Transfer from general fund (Note 10)	3,778,277.39	2,829,698.65
	<u>30,121,955.50</u>	<u>26,006,449.96</u>
Less : Payments	153,956.35	90,102.10
	<u>29,967,999.15</u>	<u>25,916,347.86</u>
Reversal of depreciation	(111,755.00)	(127,773.67)
Balance carried forward	<u>29,856,244.15</u>	<u>25,788,574.19</u>
(b) Lai Chi Centre Designated Fund -		
Balance brought forward	148,427.14	32,666.01
Add: Receipts	4,401.63	148,697.83
	<u>152,828.77</u>	<u>181,363.84</u>
Less : Payments	14,547.40	32,936.70
Balance carried forward	<u>138,281.37</u>	<u>148,427.14</u>
(c) Single Parent Family Service -		
Balance brought forward	-	21,388.70
Less : Transfer to general fund (Note 10)	-	(21,388.70)
Balance carried forward	<u>-</u>	<u>-</u>
(d) Cottage Repair Fund -		
Balance brought forward and carried forward	12,781,151.85	12,781,151.85
(e) CFSC Development Fund -		
Balance brought forward	3,485,597.51	3,032,944.79
Add : Receipts	2,211,730.70	3,095,809.85
	<u>5,697,328.21</u>	<u>6,128,754.64</u>
Less : Payments	1,699,589.72	3,339,844.73
	<u>3,997,738.49</u>	<u>2,788,909.91</u>
Reversal of depreciation	(128,417.75)	696,687.60
Balance carried forward	<u>3,869,320.74</u>	<u>3,485,597.51</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 31 MARCH, 2009

	2009 HK\$	2008 HK\$
(f) Flag Day Fund -		
Balance brought forward	6,973,469.44	7,116,254.62
Add : Receipts	13,298.96	33,983.75
	6,986,768.40	7,150,238.37
Less : Payments	21,611.20	95,190.00
	6,965,157.20	7,055,048.37
Reversal of depreciation	(42,130.60)	(81,578.93)
Balance carried forward	6,923,026.60	6,973,469.44
(g) Anti-poverty project for youngster fund -		
Balance brought forward	192,370.26	139,390.76
Transfer from general fund (Note 10)	185,307.01	129,475.40
	377,677.27	268,866.16
Less : Payments	133,702.70	76,495.90
Balance carried forward	243,974.57	192,370.26
(h) CFSC Building Redevelopment Fund -		
Balance brought forward	130,085.86	130,085.86
Add : Receipts	-	-
Balance carried forward	130,085.86	130,085.86
(i) Yam Pak Charitable Foundation -		
Balance brought forward	613,245.79	599,086.74
Add : Receipts	1,132.85	14,159.05
Balance carried forward	614,378.64	613,245.79
(j) HKJC Charities Trust (Others) -		
Balance brought forward	(255,773.00)	(115,100.75)
Add : Receipts	-	127,146.50
	(255,773.00)	12,045.75
Less : Payments	656,171.00	267,818.75
Balance carried forward	(911,944.00)	(255,773.00)
(k) Sir David Trench Fund -		
Balance brought forward	-	(53,080.00)
Add : Receipts	-	53,080.00
Balance carried forward	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

	2009 HK\$	2008 HK\$
(l) Education Bureau (SWD-Youth) -		
Balance brought forward	-	530.50
Less : Transfer to general fund (Note 10)	-	(530.50)
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>
(m) S. K. Yee Medical Foundation		
Balance brought forward	331,465.00	125,197.00
Add : Receipts	53,544.50	1,053,131.00
	385,009.50	1,178,328.00
Less : Payments	309,623.50	846,863.00
<b>Balance carried forward</b>	<b>75,386.00</b>	<b>331,465.00</b>
(n) After School Learning – EB (07/08)		
Balance brought forward	4,814.60	-
Add : Receipts	7,927.00	31,714.00
	12,741.60	31,714.00
Less : Payments	7,482.00	26,899.40
<b>Balance carried forward</b>	<b>5,259.60</b>	<b>4,814.60</b>
(o) After School Learning – EB (08/09)		
Add : Receipts	64,170.00	-
Less : Payments	43,196.90	-
<b>Balance carried forward</b>	<b>20,973.10</b>	<b>-</b>
(p) The Community Chest		
Add : Receipts	542,127.00	-
Less : Payments	542,127.00	-
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>
(q) Miscellaneous Funds		
Balance brought forward	-	5,858.97
Less : Transfer to general fund (Note 10)	-	(5,858.97)
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>53,746,138.48</b>	<b>50,193,428.64</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

**18. Surplus for the year**

<b>2009</b>	<b>2008</b>
<b>HK\$</b>	<b>HK\$</b>

Surplus for the year is stated after charging the followings :-

Staff costs	162,694,587.70	139,930,253.05
- Including: Contribution to MPF scheme and ORSO scheme	10,911,639.46	9,187,556.96
Auditors' remuneration	100,060.00	91,940.00
Depreciation	6,402,310.20	4,836,951.66

**19. Directors' emoluments**

During the years ended 31 March, 2009 and 2008, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

**20. Taxation**

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

**21. Operating lease arrangements**

The centre has leased its hostels and offices under operating leases. These leases typically run for an initial period of three years.

	<b>2009</b>	<b>2008</b>
	<b>HK\$</b>	<b>HK\$</b>
Minimum lease payments under operating leases charged in income and expenditure account for the year	5,462,490.00	5,369,478.00

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases were as follows :-

	<b>2009</b>	<b>2008</b>
	<b>HK\$</b>	<b>HK\$</b>
Within one year	5,027,952.00	5,027,952.00
In the second to fifth year, inclusive	-	5,027,952.00
	<b>5,027,952.00</b>	<b>10,055,904.00</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

**22. Pledge of assets**

The Centre had executed a debenture to pledge the Centre's fixed deposit at approximately HK\$810,920.00 (2008 : HK\$379,000.00) to secure banking guarantee granted for a project of the Centre.

**23. Contingent liabilities**

At the balance sheet date, the Centre had contingent liabilities as follows :-

	2009	2008
	HK\$	HK\$
Staff long service payments not covered by MPF and ORSO Scheme	4,711,050.00	1,848,553.03

**24. Financial instruments**

The Centre's major financial instruments include available-for-sale investment, receivables and payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**a. Credit risk**

The Centre's credit risk is primarily attributable to grants receivables from government and other social welfare bodies. Management considers such exposure to credit risk is low.

Further quantitative disclosures in respect of the Centre's exposure to credit risk arising from trade and other receivables are set out in note 7.

**b. Interest rate risk**

At 31 March, 2009, the Centre's interest rate risk arises previously from fixed bank deposits with variable interest rates ranging from 0.20% to 1.15% per annum (2008 : ranging from 0.59% to 2.85% per annum). Given that the interest rate for these bank deposits are fixed, management considers the exposure to interest rate risk is low.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH, 2009

**c. Liquidity Risk**

In the management of the liquidity risk, the Centre monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Centre's operations and mitigate the effects of fluctuations in cash flows. The following table details the Centre'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 Centre can be required to pay. The table includes both interest and principal cash flows

	Carrying amount HK\$	Total contractual Undiscounted cash flow HK\$	Less than 1 year HK\$
<b>At 31 March, 2009</b>			
Account payables	10,509,850.42	10,509,850.42	10,509,850.42
<b>At 31 March, 2008</b>			
Account payables	7,724,113.26	7,724,113.26	7,724,113.26

**25. Management on various funds**

The Centre's funds accounts consist of General fund, SWD subvention fund account, SWD Lump Sun Grant reserve fund, SWD provident fund reserve, SWD one-off subsidy, Education Bureau reserve, F & E Replenishment and Minor Works Block Grant Reserve, and specific funds, which are set up for various designated purposes as described in notes 10 to 17. It is the Centre's objective to maintain sufficient reserves and funds to safeguard the Centre's ability to continue as a going concern and to support its current and future operating expenditure requirements.