



The Annual Financial Report 2018-2019

週年財務報告 2018-2019

**CHRISTIAN FAMILY SERVICE CENTRE
(INCORPORATED UNDER THE HONG KONG
COMPANIES ORDINANCE)
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2019**

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The directors present herewith their report and the audited consolidated financial statements for the year ended 31 March, 2019.

Principal activities

The principal activities of Christian Family Service Centre ("the Centre") and its subsidiary ("the Group") are provision of family services, children and youth services, elderly services, rehabilitation services, community development services and health services, etc. to the needy people in Hong Kong with a view to manifesting the love of God and enhancing family life and provision of dental and ancillary services on a non-profit-making basis to improve the oral health of people. There were no significant changes in the nature of the Group's principal activities during the year.

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

Financial statements

The financial performance of the Group for the year ended 31 March, 2019 and the state of affairs of the Group and the Centre at that date are set out in the consolidated financial statements on pages 9 to 50.

Group status

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

Reserves

Details of movements in the reserves of the Group and of the Centre for the year ended 31 March, 2019 are set out in consolidated statement of changes in reserves and funds and note 37 to 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)	關銳煊
Rev. Daniel Li Yat-shing (Vice-chairman)	李日誠
Mr. Antonio Kwong Cho-shing, M.H. (Hon. Treasurer)	鄺祖盛
Mr. Cheng Wing-for	鄭榮科
Mr. Chow Siu-ngor	鄒小岳
Mr. Kwok Wai-keung	郭偉強
Rev. Po Kam-cheong	蒲錦昌
Miss Nora Yau Ho-chun, M.H., J.P.	邱可珍
Rev. Yung Chuen-hung	翁傳鏗
Rev. Wong Chak-tong	王澤堂
Mr. Chan Kwok-keung	陳國強
Mr. Chau Kwok-cheong	周國昌
Mr. Thomas Tsang Fuk-chuen	曾福全 (appointed on 1 January, 2019)
Mr. Clifford Leung Siu-on, M.H.	梁紹安 (appointed on 18 February, 2019)
Mr. So Ming-Po	蘇明波 (appointed on 9 July, 2019)
Rev. Chan Wing-on	陳永安 (resigned on 27 May, 2019)
The Hon. Madam Justice Maggie Poon Man-kay	潘敏琦 (resigned on 1 January, 2019)

In accordance with the Centre's Articles of Association, the remaining directors in office will continue to hold office for the coming year.

Directors of the Centre's subsidiary

During the year and up to date of this report, Miss Nora Yau Ho-chun, M.H., J.P. is also director in subsidiary of the Centre. Other directors of the Centre's subsidiary during the year and up to the date of this report include: Professor Edward Lo Chin-man and Mr. Alfred So Ping-fai.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Centre's business

No transaction, arrangement and contract of significance to which the Centre or any of its subsidiary was a party and in which a director of the Centre had a material interest, subsisted at the end of the year or at any time during the year.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Group (whether made by the Group or otherwise or an associated company (if made by the Group)).

Business Review 2019

A fair review of business

In the year 2018-19, Christian Family Service Centre continued to operate smoothly with a significant growth in business. The total turnover of the year was \$576M, representing 11.1% growth compared to \$518M in 2017-18. The revenue mainly came from three categories of service operations including the SWD Lump Sum Grant Service (LSG), the Applied-Funding Service (Applied-Fund) and the Self-Supporting Service (Self-Supporting). Revenue also came from a subsidiary Christian Family Service Centre Dental Services Limited (DS). The revenues for LSG and Applied-Fund services both increased by 15% in 2018-19 whereas the revenue for Self-Supporting services has increased by 16%. However, the revenue of Dental Service Limited has dropped for 14%. The LSG reserve increased from \$24.03M to \$30.3M while the total reserves dropped from \$157M to \$154M. The decrease in the total reserve was due to the expanded projects with funds to be received. Operation-wise, there is positive growth in all three categories of services but a slight drop of performance in the Dental Services Limited.

Principal risks and uncertainties

The risk of revenue drop remains low. In 2018-19, about 68.33% of the service income was stable subvention from Social Welfare Department and there are no foreseeable risks under the LSG sub-vented services. For Applied-Fund services, most of the existing projects will continue until projects end and more projects will be taken up.

In Feb 2019, we decided to withdraw from taking up the Ma Yau Tong Central Landfill Revitalization Project after thorough and comprehensive feasibility study. The feasibility study revealed that the project setup cost doubles the original estimate and the associated uncertainties to be tackled are seen to be beyond CFSC's capability.

For the Self-Supporting services, most of the services can be operated in stable business environment in 2018-19. Affected by the current social movement, there would be a possible negative impact in the enrolment of interest classes, learning classes and self-development courses organized by the Jackie Chan Whole Person Development Centre in 2019-20.

Regarding investment risk, Christian Family Service Centre continues to adopt a conservative strategy for reserve investment and the investment is closely monitored by the Board. The amount CFSC invested in the equity market is 9.5% of the total reserve only and so the investment risk is considered to be low though the investment market is predicted to be more volatile in the coming years. Regarding the interest-rate risk, Christian Family Service Centre has utilized a \$20M credit facility at a low interest rate for purchasing an office in 2016-17. The amount is relatively small and a change in interest rate will have negligible effect on the cash flow and operation. Nevertheless, in future, this \$20M credit facility will be utilized only at very special circumstances.

Important events in the financial year 2018-19

The formulation of strategic plan was an important task for CFSC after its kick-start event on 21 November 2017. After thorough discussion and staff consultation, the new Strategic Plan (2018-2022) was endorsed by the Board in September 2018 and the plan will guide CFSC's development in the coming four years.

The newly setup Yeoh Choy Wai Haan Memorial Kindergarten received the Certificate of Provisional Kindergarten in early September 2018 and the Kindergarten began to admit students in the same month.

A children Chinese opera charities show performed by Sing Fai Chinese Opera Promotion Association Limited was held on 20 August 2018 at City Hall to raise fund for the renovation of the Yam Pak Charitable Foundation King Lam Elderly Home. The Chairperson of the Foundation Ms. Chan Shuk-leung (陳淑良女士，又名白雪仙) provided full support to the fundraising event and the HKSAR Chief Executive Mrs. Carrie Lam kindly attended the charities opera show to support CFSC.

Business Review 2019 (continued)

Important events in the financial year 2018-19 (continued)

In view of high turnover, the Government increased recurrent funding for subvented services to enhance remuneration for personal care workers, home helpers and ward attendants from June 2018. The additional funding for CFSC was \$6.6M and the additional resources was used totally for the enhancement of salaries for personal care workers and related care staff.

To enhance the choice of retirement fund investment, a second MPF service provider was introduced in March 2019.

In the year 2018-19, a number of new service initiatives had obtained funding from various sources. For instances, in July, our To Kwa Wan Dental Clinic participated in a three-year "Health Teeth Collaboration" Project under the Department of Health which provides free dental care services for persons with intellectual disabilities. In September, we launched the Visiting Medical Practitioners Service for Private Residential Homes (VMPS) funded by SWD. The VMPS project served extensively covering the boundaries of Kowloon East Cluster as well as the Sham Shui Po District. Moreover, the Community Chest of Hong Kong supported CFSC a two-year project named "Caring and Coaching to the Carers of Elders" operated by the Mind Delight Memory and Cognitive Training Centre and the CIIF approved a three-year project aims at building a dementia-friendly community in Southern District. The Home Affairs Department continued to support a two-year Project "Neighbourhood Mutual Help for New Arrivals" which started since 2014. In February 2019, CFSC was awarded by SWD to operate the Pilot Scheme on Professional Outreach Team for Private Residential Care Homes for Persons with Disabilities. The Scheme requires CFSC to provide a package of social work, paramedical, nursing support, consultation and training services to 26 institutions' residents, carers, family members and staff of the institutions from March 2019.

Another big challenge of the year was being awarded a bundle contract to operate four service units in the newly re-built Kai Nang Rehabilitation Complex at Fuk Tong Road. The contract includes operating a Supported Hostel for Mentally/Physically Handicapped Persons; a Hostel for Severely Physically Handicapped Persons; a Hostel for Moderately Mentally Handicapped Persons; and an Integrated Vocational Rehabilitation Services Centre. These services contracts were awarded to CFSC in January 2019 and were expected to commence at the end of 2019.

Future development of the organization's operation

In the coming year 2019-20, much effort and energy has to be spent in upscaling the management of rehabilitation services. Apart from preparing for the commencement of services in the Kai Nang Rehabilitation Complex, there is a parallel development in So Uk Estate where a bundle contract has been offered to CFSC to fit-out and operate a Hostel for Moderately Mentally Handicapped Persons and a new Integrated Vocational Rehabilitation Services Centre.

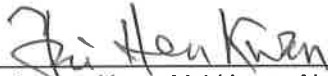
There will be significant development in youth services with the Government's implementation of "One School Two Social Workers" Scheme in September 2019. The Community Chest of Hong Kong also approved a three-year service project "Hand-In-Hand - To Co-create Harmonious School Environment Project". With the support from the Hong Kong Jockey Club Charities Trust, the "New Housing Estate Support Project" will extend its scope to Sham Shui Po District. For elderly and health care services, the "Renal and CAPD Care" service and the dementia care service in Aberdeen will be greatly strengthened.

In view of the rapid development of services, the senior management structure will be reviewed in 2019-20 to ensure adequate support for operation.

Auditor

During the year, Messrs. Fan, Chan & Co. resigned as auditor of the Centre and Fan, Chan & Co. Limited were appointed by the directors to fill the casual vacancy so arising. A resolution to reappoint Fan, Chan & Co. Limited as auditor of the Centre will be put at the forthcoming annual general meeting.

For and on behalf of the Board



Chairman, Kwan Yui Huen, Alex
Dated, 10 September, 2019



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

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Christian Family Service Centre (the "Centre") and its subsidiary ("the Group") set out on pages 9 to 50, which comprise the consolidated statement of financial position as at 31 March, 2019, and the consolidated income and expenditure account, the consolidated statement of cash flows and the consolidated statement of changes in reserves and funds for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Centre and its subsidiary as at 31 March, 2019, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance, the "Lump Sum Grant Manual", the "Guide to Social Welfare Subventions" and compiled with the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Community Care Fund Programme, the Lotteries Fund Manual and other instructions issued by the Director of Social Welfare.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 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.

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 consolidated financial statements.

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

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



范陳會計師行有限公司
Fan, Chan & Co. Limited

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

- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number P03702

Hong Kong, 10 September, 2019

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 March, 2019

	2019	2018
	HK\$	HK\$
		(restated)
Income		
Social Welfare Department subvention	393,405,436.08	345,754,399.83
Government Subvention (non-social welfare department)	31,389,323.44	23,852,426.31
Community Chest Allocation	7,114,082.65	6,762,632.56
Hong Kong Jockey Club Charities Trust subvention	14,140,130.41	7,155,117.17
Other project grants	6,071,569.37	19,115,357.27
Fee income	81,562,592.11	73,172,926.96
Programme income	31,764,543.96	31,329,571.60
Donations	5,980,305.09	4,763,269.17
Bank interest income	638,472.26	182,825.64
Investment income	2,425,905.91	5,057,702.05
Other income	1,232,912.69	1,035,822.34
Total income	575,725,273.97	518,182,050.90
Deduct :		
Expenditures		
Personal emoluments	409,516,956.74	373,034,972.19
Staff incentive and allowance	5,817,963.13	3,247,286.44
Staff benefits and training	5,091,465.43	5,119,818.34
Administrative expenses	5,346,620.50	4,698,657.14
Finance charges	552,084.92	344,893.14
Utilities expenses	8,026,403.82	7,805,469.71
Stores and equipment	32,221,144.78	28,722,023.36
Insurance premium for office	5,299,167.14	4,179,111.79
Publicity and promotion expenses	431,385.38	1,211,599.35
Programme expenses	22,261,012.49	21,432,436.72
Hire of services	33,545,872.03	19,103,086.20
Transportation and travelling	5,705,030.42	5,120,348.16
Food for clients	11,459,484.66	10,680,913.52
Incentive payment for clients	1,718,268.98	1,754,429.70
Clients' medical care and supplies	8,202,713.76	7,603,807.06
Insurance premium for clients	144,090.54	118,799.70
Rent and rates	17,486,701.18	15,681,374.50
Miscellaneous	2,796,933.95	2,587,896.17
Total expenditures	575,623,299.85	512,446,923.19
Surplus for the year before transfer to restricted and designated reserves	101,974.12	5,735,127.71

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 March, 2019

	2019	2018
	HK\$	HK\$
		(restated)
Transferring from / (to):		
- Restricted reserves	6,196,916.93	604,597.62
- Designated reserves	(4,215,238.75)	(1,229,692.07)
- Unrestricted reserves	(7,736,212.56)	(4,498,691.85)
General fund	(5,652,560.26)	611,341.41

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March, 2019

	Note	2019 HK\$	2018 HK\$ (restated)
Non-current assets			
Property, plant and equipment	(8)	74,559,054.81	64,022,622.00
Financial assets at fair value through surplus or deficit ("FVTSD")	(10)	72,996,853.83	80,539,172.10
		147,555,908.64	144,561,794.10
Current assets			
Other receivables, deposits and prepayments	(11)	27,023,880.62	15,043,845.16
Pledged deposits	(12)	19,170,244.35	14,080,199.22
Cash and bank balances	(12)	49,831,713.31	52,334,867.79
		96,025,838.28	81,458,912.17
Current liabilities			
Accruals and other payables	(13)	23,771,059.77	16,952,845.71
Deferred income		45,744,550.69	32,033,484.06
Bank borrowings	(13)	20,000,000.00	20,000,000.00
		89,515,610.46	68,986,329.77
Net current assets		6,510,227.82	12,472,582.40
Net assets		154,066,136.46	157,034,376.50

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March, 2019

	Note	2019 HK\$	2018 HK\$ (restated)
Representing: -			
General fund			
- Accumulated surplus	(14)	48,346,023.44	53,998,583.70
Restricted reserves			
- SWD Lump Sum Grant reserve	(15)	30,306,971.56	24,029,871.24
- SWD provident fund reserve	(16)	29,145,074.62	27,957,668.15
- Other restricted reserves	(17)	(29,948,055.57)	(16,602,121.26)
Capital project and restricted funds	(26)	(1,963,896.21)	1,421,807.36
Designated reserves	(30)	16,361,707.75	12,146,469.00
Unrestricted reserves	(31)	61,818,310.87	54,082,098.31
Total reserves and funds		154,066,136.46	157,034,376.50

The consolidated financial statements were approved and authorised for issue by the Board on 10 September 2019 and are signed on its behalf by:


 Chairman, Kwan Yui Huen, Alex


 Hon. Treasurer, Kwong Cho Shing, Antonio


 Chief Executive, Kwok Lit Tung

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March, 2019

	2019	2018
	HK\$	HK\$
		(restated)
Operating activities		
Surplus before transfer to restricted and designated reserves	101,974.12	5,735,127.71
Net payment on SWD LSG Reserve Expenditure (pre-approved)	(1,661,926.07)	(4,283,024.88)
Net payment on SWD Lump Sum Grant reserve fund	(628,613.19)	(749,202.95)
Net payment on SWD provident fund reserve (pre-approved)	-	(5,276,667.01)
Net payment on SWD provident fund reserve	(765,236.00)	(492,632.00)
Net payment on other restricted reserves	(16,595.50)	(108,464.18)
Net payment on Capital project and restricted funds	-	(14,815.25)
Adjustments for:		
Depreciation	21,826,973.40	21,346,920.91
Bond interest income	(2,048,262.73)	(2,113,931.95)
Dividend income	(181,342.33)	(135,840.05)
Interest income	(638,472.26)	(182,825.64)
Interest received from fund reserve (Note 25(a))	2,156.60	746.00
Finance charges	552,084.92	344,893.14
Gain on disposal of financial assets at FVTSD	(196,300.85)	(2,807,930.05)
Operating surplus before changes in working capital	16,346,440.11	11,262,353.80
(Increase)/decrease in other receivables, deposits and Prepayments	(11,980,035.46)	3,155,184.39
Increase in pledged deposits	(5,090,045.13)	(3,516,214.88)
Increase/(decrease) in accruals and other payables	6,818,214.06	(2,110,501.51)
Increase/(decrease) in deferred income	13,711,066.63	(3,752,073.34)
Cash flow generated from operating activities	19,805,640.21	5,038,748.46
Investing activities		
Bond interest received	2,048,262.73	2,113,931.95
Dividend received	181,342.33	135,840.05
Interest received	638,472.26	182,825.64
Purchases of property, plant and equipment	(32,363,406.21)	(16,544,499.66)
Proceeds from sale of financial assets at FVTSD	41,647,244.56	31,353,476.91
Purchases of financial assets at FVTSD	(33,908,625.44)	(28,189,612.80)
(Decrease)/increase in time deposits	6,236,189.00	(8,456,810.83)
Cash flow used in investing activities	(15,520,520.77)	(19,404,848.74)

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March, 2019

	2019	2018
	HK\$	HK\$
		(restated)
Financing activities		
Interest paid	(552,084.92)	(344,893.14)
Proceeds from bank loan	-	5,000,000.00
Cash flow (used in)/generated from financing activities	(552,084.92)	4,655,106.86
Net increase/(decrease) in cash and cash equivalents	3,733,034.52	(9,710,993.42)
Cash and cash equivalents at the beginning of the year	40,601,852.54	50,312,845.96
Cash and cash equivalents at the end of the year	44,334,887.06	40,601,852.54
Analysis of balances of cash and cash equivalents		
Cash and bank balances – maturity within three months	44,334,887.06	40,601,852.54

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 March, 2019

	General fund (Note 14) HK\$	SWD Lump Sum Grant reserve fund (Note 15) HK\$	SWD provident fund reserve (Note 16) HK\$	Other restricted reserves (Note 17) HK\$	Capital project and restricted funds (Note 26) HK\$	Designated reserves (Note 30) HK\$	Unrestricted reserves (Note 31) HK\$	Fair value reserve HK\$	Total HK\$
At 1 April, 2018, as restated	53,988,583.70	24,029,871.24	27,957,668.15	(16,602,121.26)	1,421,807.36	12,146,469.00	54,082,098.31	-	157,034,376.50
Surplus/(deficit) for the year	(5,652,560.26)	10,520,282.05	-	(12,239,546.29)	(3,385,703.57)	4,596,410.12	6,263,092.07	-	101,974.12
Funds transfer	-	(2,029,372.26)	2,029,372.26	(1,091,949.12)	-	(381,171.37)	1,473,120.49	-	-
Amount refunded to Government	-	(1,021,464.00)	(625,550.00)	(16,595.50)	-	-	-	-	(1,663,609.50)
Funding receipt/(claw back)	-	392,850.81	(139,686.00)	2,156.60	-	-	-	-	255,321.41
SWD LSG Reserve Expenditure (pre-approved)	-	(1,585,196.28)	(76,729.79)	-	-	-	-	-	(1,661,926.07)
Net surplus / (deficit)	(5,652,560.26)	6,277,100.32	1,187,406.47	(13,345,934.31)	(3,385,703.57)	4,215,238.75	7,736,212.56	-	(2,968,240.04)
At 31 March, 2019	48,346,023.44	30,306,971.56	29,145,074.62	(29,948,055.57)	(1,963,896.21)	16,361,707.75	61,818,310.87	-	154,066,136.46

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 March, 2019

	General fund (Note 14) HK\$	SWD Lump Sum Grant reserve fund (Note 15) HK\$	SWD provident fund reserve (Note 16) HK\$	Other restricted reserves (Note 17) HK\$	Capital project and restricted funds (Note 26) HK\$	Designated reserves (Note 30) HK\$	Unrestricted reserves (Note 31) HK\$	Fair value reserve HK\$	Total HK\$
At 1 April, 2017, as previously stated	51,441,265.33	31,275,737.33	32,116,593.68	(14,726,449.41)	(372,135.04)	9,682,055.93	50,860,264.28	1,945,976.96	162,223,309.06
Prior year adjustment (note 3)	1,945,976.96	-	-	-	-	-	-	(1,945,976.96)	-
At 1 April, 2017, as restated	53,387,242.29	31,275,737.33	32,116,593.68	(14,726,449.41)	(372,135.04)	9,682,055.93	50,860,264.28	-	162,223,309.06
Surplus/(deficit) for the year	(289,173.01)	(603,264.78)	-	(1,936,048.74)	1,808,757.65	848,520.70	5,005,821.47	-	4,834,613.29
Funds transfer	-	(1,610,373.48)	1,610,373.48	168,095.07	-	1,615,892.37	(1,783,987.44)	-	-
Amount refunded to Government	-	(749,202.95)	(492,632.00)	(108,464.18)	(14,815.25)	-	-	-	(1,365,114.38)
Funding receipt/(claw back)	-	-	-	746.00	-	-	-	-	746.00
SWD LSG Reserve Expenditure (pre-approved)	-	(4,283,024.88)	(5,276,667.01)	-	-	-	-	-	(9,559,691.89)
Change in fair value of available-for-sales investments	-	-	-	-	-	-	-	900,514.42	900,514.42
Net surplus / (deficit), as previously stated	(289,173.01)	(7,245,866.09)	(4,158,925.53)	(1,875,671.85)	1,793,942.40	2,464,413.07	3,221,834.03	900,514.42	(5,188,932.56)
Prior year adjustment (note 3)	900,514.42	-	-	-	-	-	-	(900,514.42)	-
At 31 March, 2018, as restated	53,998,583.70	24,029,871.24	27,957,668.15	(16,602,121.26)	1,421,807.36	12,146,469.00	54,082,098.31	-	157,034,376.50

1. General information

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

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

During the year, the principal activities of the Centre and its subsidiary ("the Group") are provision of family services, children and youth services, elderly services, rehabilitation services, community development services and health services, etc. to the needy people in Hong Kong with a view to manifesting the love of God and enhancing family life and provision of dental and ancillary services on a non-profit-making basis to improve the oral health of people.

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

2. Basis of preparation and accounting policies

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard of Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the accrual basis of accounting and on the basis that the Group is a going concern. They have been prepared under the historical cost convention, except for certain financial instruments, which are stated at their fair value, as explained in the respective accounting policy as set out below.

Amendments to HKFRS for PE

In these consolidated financial statements, the amendments to HKFRS for PE become effective. The key changes to the HKFRS for PE are allowing an option to use the revaluation model for property, plant and equipment and replacing the modified text in section 29 "Income Tax".

The initial application of the amendments to HKFRS for PE does not have material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Centre and its subsidiary, other than those subsidiaries which are acquired and held for sell within one year after acquisition. A subsidiary is an entity (including special purpose entity) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally but not necessarily accompanying a shareholding of more than half of the voting power. The subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases.

All intragroup transactions, balances, income and expenses are eliminated. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. There is no difference in the reporting date of the financial statements of the Centre and its subsidiary used in the preparation of the consolidated financial statements.

2. Basis of preparation and accounting policies (continued)

Revenue recognition

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

- (i) Subvention income is recognised in the accounting period which generally matched with the related costs incurred;
- (ii) Donation income is recognised when the income is received from donors;
- (iii) Fee income and programme income are recognised when the relevant services are rendered; and
- (iv) Interest income is recognised as it accrues using the effective interest method.
- (v) Investment income (including bond interest and dividend income) is recognised when the Group's right to receive payment is established.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price, conversion cost and estimated cost of dismantling and restoration. Expenditure such as repairs and maintenance, overhaul costs and borrowing costs are normally charged to surplus or deficit when they are incurred. Where expenditure has resulted in increases in the future economic benefits from the use of the property, plant and equipment, the expenditure is capitalised.

The residual values and useful lives of the property, plant and equipment are reviewed when there are indications that the residual value or useful life of an asset has been a significant change since the end of previous reporting period. If necessary, the residual value, depreciation method or useful life of that asset is amended prospectively to reflect the new expectation.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other property, plant and equipment (other than construction in progress) is provided to write off the cost of items over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Depreciation is calculated using the straight-line method to write off the depreciable amount of each property, plant and equipment to surplus or deficit unless it is included in the carrying amount of another asset over its estimated useful life. The following estimated useful lives are used for the depreciation of property, plant and equipment.

Leasehold land and building	Over the unexpired lease terms
Furniture, fixtures and equipment	3 years
Motor vehicles	5 years
Renovation	5 years

2. Basis of preparation and accounting policies (continued)

Property, plant and equipment (continued)

On disposal or retirement, the cost together with associated accumulated depreciation and impairment losses, if any, of the property, plant and equipment are derecognised and any gain or loss resulting from the disposal is recognised in surplus or deficit.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Centre controls, directly or indirectly, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment, and investments in a subsidiary 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 recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related 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 recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Centre become a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not at fair value through surplus or deficit, unless the arrangement constitutes, in effect, a financing transaction.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through surplus or deficit, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

2. Basis of preparation and accounting policies (continued)

Financial assets (continued)

(i) Financial Assets Measured at Fair Value Through Surplus or deficit

Financial assets are classified as at fair value through surplus or deficit when the financial assets are within the scope of Section 12 of the HKFRS for Private Entities or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in surplus or deficit.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through surplus or deficit, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Impairment of Financial Assets

At the end of each reporting period, the Group and the Centre assess whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- significant financial difficulty of the issuer or obligor.
- a breach of contract.
- the lender granting to the borrower a concession that the lender would not otherwise consider.
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost less impairment, the amount of any impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount that the Group and the Centre would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in surplus or deficit immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in surplus or deficit immediately.

(iii) Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Group and the Centre transfer to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in surplus or deficit in the period of the transfer.

2. Basis of preparation and accounting policies (continued)

Trade and other receivables

Trade and other 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 trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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 overdraft is shown within borrowings in current liabilities on the statement of financial position.

Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Hong Kong Dollars, which is the Group's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Related parties

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

- (a) A person or a close member of that person's family is related to the Group and the Centre if that person:
- (i) is a member of the key management personnel of the Group and the Centre or of a parent of the Group and the Centre;
 - (ii) has control over the Group and the Centre; or
 - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

2. Basis of preparation and accounting policies (continued)

Related parties (continued)

- (b) An entity is related to the Group and the Centre if any of the following conditions applies:
- (i) the entity and the Group and the Centre are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) 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).
 - (iii) both entities are joint ventures of a third entity.
 - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group and the Centre or an entity related to the Group and the Centre. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.

Borrowings

Borrowings are recognised initially at the transaction price and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Employee benefit obligations

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

Provision for long service payment is recognised in respect of probable future long services payment expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Centre at the end of the reporting period.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

2. Basis of preparation and accounting policies (continued)

Borrowing costs

All borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

Government grants

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

Reserves

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

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

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

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

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

3. Transition to the HKFRS for Private Entities

(a) Application of the HKFRS for Private Entities

The Group's financial statements for the year ended 31 March, 2019 are its first annual financial statements prepared under accounting policies that comply with the HKFRS for Private Entities. The Group applied full Hong Kong Financial Reporting Standards (HKFRSs) to prepare its financial statements prior to the application of the HKFRS for Private Entities.

The Group's date of transition is 1 April, 2017 and the Group prepared its opening statement of financial position in compliance with the HKFRS for Private Entities at that date.

The Group has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the HKFRS for Private Entities when preparing these financial statements in accordance with the HKFRS for Private Entities.

(b) Reconciliation

The following reconciliations show the effect on the Group's equity of the transition from using the full HKFRSs to the HKFRS for Private Entities at 1 Apr, 2018 and 31 March, 2019 and the Group's profit for the year ended 31 March, 2019.

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3. Transition to the HKFRS for Private Entities (Continued)

	31 March, 2019 HK\$	1 April, 2018 HK\$
Total equity under full HKFRSs	154,066,136.46	157,034,376.50
De-recognition of fair value reserve(note (i))	(2,059,894.78)	(2,846,491.38)
Change in fair value of financial assets at FVTSD –General Fund (note (ii))	2,059,894.78	2,846,491.38
Total equity under the HKFRS for Private Entities	154,066,136.46	157,034,376.50
		2019 HK\$
Surplus for the year before transfer to restricted and designated funds under full HKFRSs		888,570.72
Change in fair value of financial assets at FVTSD –General Fund (note (ii))		(786,596.60)
Surplus for the year before transfer to restricted and designated funds under the HKFRS for Private Entities		101,974.12

Note : Explanation of transition to the HKFRS for Private Entities

(i) De-recognition of fair value reserve

The available-for-sale investment has been de-recognized at the date of transition. Under the full HKFRSs, the changes in fair value of available-for-sale investment should be credited or charged to the fair value reserve. Since the financial assets are no longer recognized as available-for-sale investment, the corresponding reserve should be reversed to other fund reserves or income and expenditure accounts.

(ii) Change in fair value of financial assets at FVTSD

Under the HKFRS for Private Entities, the financial assets measured at fair value through profit and loss should be recognized, subsequent to initial recognition, at fair value at the date of the transition. The changes in fair value are recognized in other fund reserves or the income and expenditure accounts.

There is no material difference between the statement of cash flows prepared under the HKFRS for Private Entities and that under the full HKFRSs.

4. Key sources of estimation uncertainty

Allowance for impairment of trade receivables

Allowance for impairment of trade receivables are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the creditworthiness and past collection history of each individual customer. Any increase or decrease in the allowance for impairment of trade receivables would affect surplus or deficit in future years.

Property, plant and equipment and depreciation

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

5. Surplus for the year

	2019	2018
	HK\$	HK\$
Surplus for the year is arrived at after charging the following items:		
Salaries, allowances and other benefits in kind	388,104,041.83	348,728,258.58
Contributions to the defined contribution retirement plans	27,230,878.04	27,554,000.05
Total staff costs	415,334,919.87	376,282,258.63
Auditor's remuneration	240,800.00	201,900.00
Depreciation	21,826,973.40	21,346,920.91
Operating leases charges - buildings	11,518,962.52	10,138,364.98

6. Taxation

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

7. Benefits and interests of directors

The following information is disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 and 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation as follows:

The directors did not receive any fees or other emoluments in respect of their services to the Centre during the year (2018: Nil).

No loans, quasi-loans or credit transactions in favour of the directors, their controlled bodies corporate or connected entities subsisted at the end of the year or at any time during the year.

No significant transactions, arrangements and contracts in relation to the Centre's business to which the Centre or any of its subsidiary was a party and in which a director of the Centre had a material interest, subsisted at the end of the year or at any time during the year.

8. Property, plant and equipment

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

	Building cost of headquarters HK\$
At cost	
At 1 April, 2017, 31 March, 2018 and 2019	93,000,000.00
Charged against Designated reserves and Lotteries Fund	
At 1 April, 2017, 31 March, 2018 and 2019	93,000,000.00
Net book value	
At 31 March, 2018 and 2019	-

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8. Property, plant and equipment (continued)

	Leasehold land and buildings HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
Cost					
At 1 April, 2018	25,391,001.00	63,581,022.07	17,834,066.50	125,007,928.46	231,814,018.03
Additions	-	5,910,128.07	5,252,777.00	21,200,501.14	32,363,406.21
At 31 March, 2019	25,391,001.00	69,491,150.14	23,086,843.50	146,208,429.60	264,177,424.24
Accumulated depreciation					
At 1 April, 2018	1,368,787.20	52,861,280.49	15,802,301.07	97,759,027.27	167,791,396.03
Charge for the year	821,272.32	6,643,594.32	1,305,983.02	13,056,123.74	21,826,973.40
At 31 March, 2019	2,190,059.52	59,504,874.81	17,108,284.09	110,815,151.01	189,618,369.43
Net Book Value					
At 31 March, 2019	23,200,941.48	9,986,275.33	5,978,559.41	35,393,278.59	74,559,054.81

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NOTES TO THE FINANCIAL STATEMENTS
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8. Property, plant and equipment (continued)

	Leasehold land and buildings HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
Cost					
At 1 April, 2017	25,391,001.00	56,248,639.31	16,810,204.50	116,819,673.56	215,269,518.37
Additions	-	7,332,382.76	1,023,862.00	8,188,254.90	16,544,499.66
At 31 March, 2018	25,391,001.00	63,581,022.07	17,834,066.50	125,007,928.46	231,814,018.03
Accumulated depreciation					
At 1 April, 2017	547,514.88	46,490,264.08	14,485,589.14	84,921,107.02	146,444,475.12
Charge for the year	821,272.32	6,371,016.41	1,316,711.93	12,837,920.25	21,346,920.91
At 31 March, 2018	1,368,787.20	52,861,280.49	15,802,301.07	97,759,027.27	167,791,396.03
Net Book Value					
At 31 March, 2018	24,022,213.80	10,719,741.58	2,031,765.43	27,248,901.19	64,022,622.00

The leasehold land and buildings are situated in Hong Kong held under medium lease term.

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9. Interest in a subsidiary

At 31 March, 2019, the Group had an interest in the following subsidiary:

Company	Place of incorporation	Proportion of ownership interest held	Principal activities
Christian Family Service Centre Dental Services Limited	Hong Kong	100%	Provision of dental and ancillary services on a non-profit-making basis to improve the oral health of people

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

10. Financial assets at fair value through surplus or deficit

	2019 HK\$	2018 HK\$
Debt securities and mutual funds, listed in Hong Kong and overseas	58,338,355.11	62,846,357.42
Equity securities, listed overseas	14,658,498.72	17,692,814.68
	72,996,853.83	80,539,172.10

The carrying amounts of the Group's other financial assets that have been pledged as collaterals for bank facilities is HK\$ 58,272,326.53 (2018: HK\$ 59,997,474.96).

The fair values of the financial assets at fair value through surplus or deficit is determined based on the quoted market price in an active market.

No impairment losses have been recognised in respect of the other financial assets during the financial year.

11. Other receivables, deposits and prepayments

	2019 HK\$	2018 HK\$
Utility and other deposits	3,503,200.36	3,416,787.29
Sundry debtors and prepayments	23,520,680.26	11,627,057.87
	27,023,880.62	15,043,845.16

The amounts of sundry debtors are neither past due nor impaired and the balances are expected to be fully recoverable based on past experience.

CHRISTIAN FAMILY SERVICE CENTRE
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12. Pledged bank deposits and cash and bank balances and other cash flow information

At 31 March, 2019, bank balances amounting to HK\$19,170,244.35 (2018: HK\$14,080,199.22) were pledged to banks for securing credit facilities granted to the Group.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits.

	2019 HK\$	2018 HK\$
Cash and bank balances		
Maturity within three months	44,334,887.06	40,601,852.54
Maturity over three months	5,496,826.25	11,733,015.25
Bank overdrafts	-	-
	49,831,713.31	52,334,867.79

13. Accruals, other payables and bank borrowings

(a) Accruals and other payables

	2019 HK\$	2018 HK\$
Accounts payables and receipt in advance	22,293,816.55	15,823,186.36
Accruals, provisions and other payables	906,650.32	544,154.35
Deposits received	570,592.90	585,505.00
	23,771,059.77	16,952,845.71

(b) Bank borrowings

	2019 HK\$	2018 HK\$
Bank loans, secured	20,000,000.00	20,000,000.00
Classification under contractual terms:		
Current portion	20,000,000.00	20,000,000.00
Non-current portion	-	-
	20,000,000.00	20,000,000.00

The Group's bank borrowings are secured by the followings:

- a. Financial assets at fair value through surplus or deficit with net carrying value of HK\$ 58,272,326.53 at 31 March, 2019 (2018: HK\$ 59,997,474.96) (note 10); and
- b. Pledged bank deposits of the Group amounted to HK\$ 19,170,244.35 (2018: HK\$ 14,080,199.22 (note 12).

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14. General fund

	2019	2018
	HK\$	HK\$
		(restated)
Surplus brought forward	53,998,583.70	53,387,242.29
(Deficit)/surplus for the year	(5,562,560.26)	611,341.41
Surplus carried forward	48,346,023.44	53,998,583.70

15. SWD Lump Sum Grant reserve

	2019	2018
	HK\$	HK\$
(a) Lump Sum Grant		
Balance brought forward	15,146,535.97	21,908,977.14
Surplus/(deficit) for the year	9,576,317.77	(868,275.85)
SWD LSG Reserve Expenditure (pre-approved)	(1,585,196.28)	(4,283,024.88)
Transfer to Central items	(1,216.24)	(766.96)
Transfer to SWD Provident Fund reserve (Note 16)	(2,029,372.26)	(1,610,373.48)
Balance carried forward	21,107,068.96	15,146,535.97
(b) Interest income		
Balance brought forward	8,431,544.13	8,224,905.81
Interest income for the year	366,156.32	206,638.32
Balance carried forward	8,797,700.45	8,431,544.13
(c) Rent and rates		
Balance brought forward	(1,218,977.56)	(1,435,374.41)
(Deficit)/surplus for the year	(844,956.36)	228,591.85
Refund over-deducted surplus 2017-18	392,850.81	-
Refund to Government	(410,615.81)	(12,195.00)
Balance carried forward	(2,081,698.92)	(1,218,977.56)
(d) Central items		
Balance brought forward	1,670,768.70	2,577,228.79
Surplus/(deficit) for the year	1,422,764.32	(170,219.10)
Transfer from Lump Sum Grant	1,216.24	766.96
Refund to Government	(610,848.19)	(737,007.95)
Balance carried forward	2,483,901.07	1,670,768.70
Total	30,306,971.56	24,029,871.24

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March, 2019

16. SWD Provident Fund reserve

	2019	2018
	HK\$	HK\$
Balance brought forward	27,957,668.15	32,116,593.68
Transfer from SWD Lump Grant reserve (Note 15(a))		
Existing staff	786,278.38	436,396.10
6.8% and other posts	1,243,093.88	1,173,977.38
	2,029,372.26	1,610,373.48
Refund to Government	(765,236.00)	(492,632.00)
SWD LSG Reserve Expenditure (pre-approved)	(76,729.79)	(5,276,667.01)
Balance carried forward	29,145,074.62	27,957,668.15

17. Other restricted reserves

	2019	2018
	HK\$	HK\$
SWD one-off grant (Note 18)	87,112.60	87,112.60
Community chest fund (Note 19)	(4,242,697.74)	(3,304,468.01)
HKJC charities trust reserve (Note 20)	(14,550,348.93)	(7,874,349.28)
Other project grant reserves (Note 21)	(875,158.64)	3,263,524.83
Education Bureau reserve (Note 23)	1,429,224.23	4,560,472.37
Chinese Medicine Centre for Training and Research reserve (Note 24)	5,160,890.77	4,651,755.06
SWD surplus fund (Note 25)	(7,598,636.57)	(7,229,458.58)
Sub-total (Note 37(a))	(20,589,614.28)	(5,845,411.01)
Government subvention (non-social welfare department) reserves (Note 22)	(9,358,441.29)	(10,756,710.25)
	(29,948,055.57)	(16,602,121.26)

18. SWD one-off grant

	2019	2018
	HK\$	HK\$
Balance brought forward and carried forward	87,112.60	87,112.60

CHRISTIAN FAMILY SERVICE CENTRE
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19. Community chest fund

	2019	2018
	HK\$	HK\$
Balance brought forward	(3,304,468.01)	(3,148,291.93)
Deficit for the year	(938,229.73)	(156,176.08)
Balance carried forward	(4,242,697.74)	(3,304,468.01)

20. HKJC charities trust reserve

	2019	2018
	HK\$	HK\$
Balance brought forward	(7,874,349.28)	(5,814,231.18)
Deficit for the year	(6,675,999.65)	(2,060,118.10)
Balance carried forward	(14,550,348.93)	(7,874,349.28)

21. Other project grant reserves

	2019	2018
	HK\$	HK\$
Balance brought forward	3,263,524.83	2,219,912.82
Refund of surplus of the Partnership Fund for the Disadvantaged	-	(106,953.98)
(Deficit)/surplus for the year	(4,138,683.47)	1,150,565.99
Balance carried forward	(875,158.64)	3,263,524.83

22. Government subvention (non-social welfare department) reserves

	2019	2018
	HK\$	HK\$
Balance brought forward	(10,756,710.25)	(9,718,612.64)
Transfer from Service Units reserve (Note 31(h))	(1,091,949.12)	125,958.25
Surplus/(deficit) for the year	2,490,218.08	(1,164,055.86)
Balance carried forward	(9,358,441.29)	(10,756,710.25)

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
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23. Education Bureau reserve

	2019	2018
	HK\$	HK\$
Balance brought forward	4,560,472.37	2,779,767.99
(Deficit)/surplus for the year (Note 37(d)(vi))	(3,130,557.94)	1,739,832.76
Transfer from Service Units reserve	-	42,136.82
Refund of surplus Adult Education	(690.20)	(1,015.20)
Refund of surplus Community-based Projects	-	(250.00)
Balance carried forward (Note 37(d)(vii))	1,429,224.23	4,560,472.37

24. Chinese Medicine Centre for Training and Research reserve

	2019	2018
	HK\$	HK\$
Balance brought forward	4,651,755.06	3,809,562.95
Surplus for the year	509,135.71	842,192.11
Balance carried forward	5,160,890.77	4,651,755.06

25. SWD surplus fund

	2019	2018
	HK\$	HK\$
(a) SWD Lotteries fund reserve		
Balance brought forward	189,969.37	189,223.37
Interest received	2,156.60	746.00
Balance carried forward	192,125.97	189,969.37
(b) SWD projects reserves		
Balance brought forward	(7,419,427.95)	(5,130,893.39)
Deficit for the year	(355,429.29)	(2,288,289.56)
Refund to Government	(15,905.30)	(245.00)
Balance carried forward	(7,790,762.54)	(7,419,427.95)
Total	(7,598,636.57)	(7,229,458.58)

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
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26. Capital project and restricted funds

	2019	2018
	HK\$	HK\$
F & E Replenishment and Minor Works		
Block Grant reserve (Note 27)	3,473,336.55	2,926,633.91
Social Welfare Development Fund (Note 28)	2,219,893.92	2,296,262.81
Lotteries fund (Note 29)	(7,657,126.68)	(3,801,089.36)
	(1,963,896.21)	1,421,807.36

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

	2019	2018
	HK\$	HK\$
Balance brought forward	2,926,633.91	2,142,224.48
Add: Block Grant received	4,184,000.00	4,035,000.00
Interest income received	1,977.22	82.64
	7,112,611.13	6,177,307.12
Less: Expenditure during the year		
Minor Works Projects	(1,226,899.00)	(1,267,005.80)
Furniture and Equipment	(2,054,703.58)	(1,677,864.41)
Vehicle Overhauling	(357,672.00)	(305,803.00)
	(3,639,274.58)	(3,250,673.21)
Balance carried forward	3,473,336.55	2,926,633.91

Capital commitment

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

	2019	2018
	HK\$	HK\$
Contracted for but not provided in the financial statements	-	155,712.00

CHRISTIAN FAMILY SERVICE CENTRE
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28. Social Welfare Development Fund

	2019 HK\$	2018 HK\$
Balance brought forward	2,296,262.81	488,687.77
Add: Receipt	2,009,908.00	2,902,233.00
Interest income	1,475.32	47.33
	<u>4,307,646.13</u>	<u>3,390,968.10</u>
Less: Expenditure under Social Welfare Development Fund during the year		
Expenditure for projects under Scope A	(980,063.22)	(470,691.76)
Expenditure for projects under Scope B	(1,107,688.99)	(581,532.57)
	<u>(2,087,752.21)</u>	<u>(1,052,224.33)</u>
Refund to Government	-	(42,480.96)
Balance carried forward	<u>2,219,893.92</u>	<u>2,296,262.81</u>

Note:

Social Welfare Development Fund (Phase 1, 2 & 3)

	Phase 1 HK\$	Phase 2 HK\$	Phase 3 HK\$	Total HK\$
Balance brought forward	-	2,307.31	2,293,955.50	2,296,262.81
Add: Receipt	-	-	2,009,908.00	2,009,908.00
Interest income	-	-	1,475.32	1,475.32
	<u>-</u>	<u>2,307.31</u>	<u>4,305,338.82</u>	<u>4,307,646.13</u>
Less: Expenditure under Social Fund during the year				
Expenditure for projects under Scope A	-	-	(980,063.22)	(980,063.22)
Expenditure for projects under Scope B	-	-	(1,107,688.99)	(1,107,688.99)
	<u>-</u>	<u>-</u>	<u>(2,087,752.21)</u>	<u>(2,087,752.21)</u>
Balance carried forward	<u>-</u>	<u>2,307.31</u>	<u>2,217,586.61</u>	<u>2,219,893.92</u>

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
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29. Lotteries fund

	2019	2018
	HK\$	HK\$
Balance brought forward	(3,801,089.36)	(3,003,047.29)
Receipts	-	27,665.71
Deficit for the year	(3,856,037.32)	(825,707.78)
Balance carried forward	(7,657,126.68)	(3,801,089.36)

30. Designated reserves

	2019	2018
	HK\$	HK\$
(a) Lai Chi Centre Designated Fund Reserves -		
Balance brought forward and carried forward	141,979.74	141,979.74
(b) Flag Day Fund -		
Balance brought forward	4,802,789.75	3,579,347.64
Fund Transfer from Service Department Fund	-	1,234,721.00
Net proceeds raised in the Flag Day*	2,052,215.41	-
Deficit for the year	(67,235.32)	(11,278.89)
Balance carried forward	6,787,769.84	4,802,789.75
(c) Anti-poverty project for youngster fund -		
Balance brought forward and carried forward	(74.52)	(74.52)
(d) Raffle tickets fund		
Balance brought forward	1,260,727.30	1,421,708.14
Surplus/(deficit) for the year	262,484.58	(160,980.84)
Balance carried forward	1,523,211.88	1,260,727.30
(e) Yam Pak Charitable Foundation -		
Balance brought forward and carried forward	614,655.64	614,655.64
Sub-total (Note 37(b))	9,067,542.58	6,820,077.91
(f) CFSC Designated Fund -		
Balance brought forward	5,326,391.09	3,924,439.29
Transfer from Service Units reserve (Note 31(h))	(381,171.37)	381,171.37
Net proceeds raised in PSP 2018/175/1**	31,693.42	-
Surplus for the year	2,317,252.03	1,020,780.43
Balance carried forward	7,294,165.17	5,326,391.09
Total	16,361,707.75	12,146,469.00

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March, 2019

30. Designated reserves (continued)

*** Flag Day Public Subscription Permit No.: FD/T003/2018**

The purpose of raising funds are for:

- (1) Children and Family Services: developing supporting services for disadvantaged families and families affected by domestic violence;
- (2) Youth Services: developing services for self-exploration and social participation for the youth;
- (3) Elderly Services: enhancing support services for elderly with dementia and developing services for retirees and older people to keep them healthy and active;
- (4) Rehabilitation Services: enhancing support services for people with intellectual and physical disabilities; and
- (5) Community Development Services: developing community development services for new arrivals and underprivileged groups.

	2019	2018
	HK\$	HK\$
Income	2,258,167.93	-
Expenditure	205,952.52	-
Net proceeds	2,052,215.41	-

**** Public Subscription Permit No.: 2018/175/1**

The purpose of raising funds is for improving the facilities in Yam Pak Charitable Foundation King Lam Home for the Elderly of Christian Family Service Centre to provide better services.

	2019	2018
	HK\$	HK\$
Income	34,694.10	-
Expenditure	3,000.68	-
Net proceeds	31,693.42	-

31. Unrestricted reserves

	2019	2018
	HK\$	HK\$
(a) Cottage Repair Fund -		
Balance brought forward and carried forward	12,781,151.85	12,781,151.85
(b) CFSC Development Fund -		
Balance brought forward	6,946,991.05	4,552,263.57
Surplus for the year	1,772,809.22	2,394,727.48
Balance carried forward	8,719,800.27	6,946,991.05
(c) CFSC Building Redevelopment Fund -		
Balance brought forward and carried forward	130,085.86	130,085.86

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31. Unrestricted reserves (continued)

	2019 HK\$	2018 HK\$
(d) Miscellaneous Fund -		
Balance brought forward and carried forward	100.00	100.00
(e) HQ building maintenance reserves -		
Balance brought forward	1,828,643.31	1,985,577.50
Surplus/(deficit) for the year	241,945.63	(156,934.19)
Balance carried forward	2,070,588.94	1,828,643.31
(f) Corporate systems support reserves -		
Balance brought forward	323,583.34	482,372.80
Surplus/(deficit) for the year	244,446.20	(158,789.46)
Balance carried forward	568,029.54	323,583.34
(g) Service Development reserves -		
Balance brought forward	18,401,615.09	17,349,972.34
Transfer to Flag Day Fund	-	(1,234,721.00)
Surplus for the year	2,348,092.08	2,286,363.75
Balance carried forward	20,749,707.17	18,401,615.09
Sub-total (Note 37(c))	45,019,463.63	40,412,170.50
(h) Service Units reserves -		
Balance brought forward	13,669,927.81	13,578,740.36
Fund transfer from/(to) Government subvention (non-social welfare department) reserves (Note 22)	1,091,949.12	(125,958.25)
Fund transfer from/(to) Designated Fund reserve (Note 30(f))	381,171.37	(381,171.37)
Fund transfer to Education Bureau reserve	-	(42,136.82)
Net proceeds raised in PSP 2017/245/1*	-	17,892.32
Net proceeds raised in PSP 2018/255/1**	755.11	-
Surplus for the year	1,655,043.83	622,561.57
Balance carried forward	16,798,847.24	13,669,927.81
Total	61,818,310.87	54,082,098.31

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31. Unrestricted reserves (continued)

*** Public Subscription Permit No.: 2017/245/1**

The purpose of raising funds is for providing services for the underprivileged children by Christian Family Service Centre.

	2019	2018
	HK\$	HK\$
Income	-	39,747.10
Expenditure	-	21,854.78
Net proceeds	-	17,892.32

**** Public Subscription Permit No.: 2018/255/1**

The purpose of raising funds is for developing and promoting self-financing service, giving financial support to the people underprivileged.

	2019	2018
	HK\$	HK\$
Income	1,133.00	-
Expenditure	377.89	-
Net proceeds	755.11	-

32. Operating lease commitments

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

At the year-end, the Group had outstanding commitments under non-cancellable operating leases falling due as follows:

	2019	2018
	HK\$	HK\$
Within one year	3,938,868.00	11,225,542.00
In the second to fifth years, inclusive	2,417,429.00	3,486,457.00
Total	6,356,297.00	14,711,999.00

33. Contingent liabilities

At the end of reporting period, the Group had no contingent liabilities.

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34. Key management personnel compensation

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

	2019	2018
	HK\$	HK\$
Fees	-	-
Salaries, allowances and benefits in kind	14,069,863.00	13,470,683.00
MPF and ORSO scheme contributions	1,402,144.00	1,593,529.00
	<hr/>	<hr/>
	15,472,007.00	15,064,212.00

35. Financial risk management objectives and policies

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

Equity price risk

The Group's financial assets at fair value through surplus or deficit are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity and debt securities price risk. This exposure is managed by maintaining a portfolio of investments with different profiles both in Hong Kong and overseas. The sensitivity analysis has been determined based on the exposure to equity price risk. At the reporting date, if the fair value of financial assets at fair value through surplus or deficit had been 5% higher/lower while all other variables were held constant, the Group's reserves and funds would increase/decrease by approximately HK\$3,649,843 (2018: HK\$4,026,959).

Currency risk

The Group is exposed to foreign currency risk arising from transactions and translation of financial assets at fair value through surplus or deficit and cash and cash equivalents which are denominated in Singapore dollars ("SGD"), British Pound ("GBP"), and United States dollars ("USD"). As the United States Dollars is pegged to the Hong Kong dollar, the Group considers the risk of movements in exchange rates between the USD and the HKD to be insignificant. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	SGD		GBP		USD	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Assets						
Financial assets at fair value through surplus or deficit	-	-	-	-	71,980	73,985
Cash and cash equivalents	21	21	20	20	7,427	6,316

Sensitivity analysis on foreign exchange risk management:

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

	SGD		GBP	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Other equity			1	1

35. Financial risk management objectives and policies (continued)

Liquidity risk

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

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Less than 1 year HK\$
At 31 March, 2019			
Accruals and other payables	23,814,989.27	23,814,989.27	23,814,989.27
Bank borrowings	20,000,000.00	20,000,000.00	20,000,000.00
	43,814,989.27	43,814,989.27	43,814,989.27
At 31 March, 2018			
Accruals and other payables	16,952,845.71	16,952,845.71	16,952,845.71
Bank borrowings	20,000,000.00	20,000,000.00	20,000,000.00
	36,952,845.71	36,952,845.71	36,952,845.71

Fair value measurement

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

Fair value hierarchy

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

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

35. Financial risk management objectives and policies (continued)

Fair value measurement (continued)

	Fair value at 31 March, 2019 HK\$'000	Fair value measurements as at 31 March, 2019 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Assets				
Available-for-sale investments:	72,997	72,997	-	-

During the year ended 31 March, 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Interest rate risk

The Group's interest rate risk arises primarily from its bank loans. Bank loans issued at variable rates expose the Group to cash flow interest rate risk. The interest rate and terms of repayment of the Group's bank loans are disclosed in note 13 to the consolidated financial statements.

Sensitivity analysis

At 31 March, 2019, it is estimated that a general increase/decrease of 50 basis points in interest rates bank loans of the Group, with all other variables held constant, would have decreased/increased the Group's surplus and reserves and funds by approximately HK\$100,000 (2018:HK\$ 100,000).

36. Management on various funds

The Group's funds accounts consist of General fund, SWD Lump Sum Grant reserve, SWD provident fund reserve, Other restricted reserves, Capital project and restricted funds, Designated reserves and Unrestricted reserves, which are set up for various designated purposes as described in notes 14 to 31. It is the Group's objective to maintain sufficient reserves and funds to safeguard the Group's ability to continue as a going concern and to support its current and future operating expenditure requirements.

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37. Statement of financial position and reserve movement of the Centre

	The Centre	
	2019 HK\$	2018 HK\$ (restated)
Non-current assets		
Property, plant and equipment	72,960,911.13	61,964,593.76
Interest in a subsidiary	-	-
Financial assets at fair value through surplus or deficit	72,996,853.83	80,539,172.10
	<u>145,957,764.96</u>	<u>142,503,765.86</u>
Current assets		
Other receivables, deposits and prepayments	25,783,813.31	14,245,542.88
Amount due from a subsidiary	458,344.77	760,371.05
Pledged deposits	19,170,244.35	14,080,199.22
Cash and cash equivalents	47,089,428.89	48,252,130.67
	<u>92,501,831.32</u>	<u>77,338,243.82</u>
Current liabilities		
Accruals and other payables	23,363,769.39	16,604,729.18
Deferred income	44,273,540.27	29,982,475.86
Bank borrowings	20,000,000.00	20,000,000.00
	<u>87,637,309.66</u>	<u>66,587,205.04</u>
Net current assets	4,864,521.66	10,751,038.78
Net assets	<u>150,822,286.62</u>	<u>153,254,804.64</u>

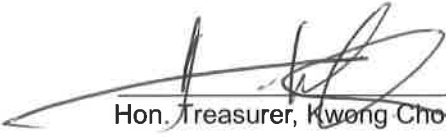
CHRISTIAN FAMILY SERVICE CENTRE
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37. Statement of financial position and reserve movement of the Centre (continued)

	Note	The Centre	
		2019 HK\$	2018 HK\$ (restated)
Representing: -			
General fund			
- Accumulated surplus	(14)	48,346,023.44	53,998,583.70
Restricted reserves			
- SWD Lump Sum Grant reserve	(15)	30,306,971.56	24,029,871.24
- SWD provident fund reserve	(16)	29,145,074.62	27,957,668.15
- Other restricted reserves	(37(a))	(28,594,302.95)	(16,340,317.76)
Capital project and restricted funds	(26)	(1,963,896.21)	1,421,807.36
Designated reserves	(37(b))	16,361,707.75	11,765,297.63
Unrestricted reserves	(37(c))	57,220,708.41	50,421,894.32
Total reserves and funds		150,822,286.62	153,254,804.64

Approved by the Board on 10 September, 2019


 Chairman, Kwan Yui Huen, Alex


 Hon. Treasurer, Kwong Cho Shing, Antonio


 Chief Executive, Kwok Lit Tung

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March, 2019

37. Statement of financial position and reserve movement of the Centre (continued)

(a) Other restricted reserves

	The Centre	
	2019 HK\$	2018 HK\$
Other restricted reserves excluded Government subvention (non-social welfare department) reserves (Note 17)	(20,589,614.28)	(5,845,411.01)
Government subvention (non-social welfare department) reserves		
Balance brought forward	(10,494,906.75)	(9,330,850.89)
Surplus/(deficit) for the year	2,490,218.08	(1,164,055.86)
Balance carried forward	(8,004,688.67)	(10,494,906.75)
Total	(28,594,302.95)	(16,340,317.76)

(b) Designated reserves

	The Centre	
	2019 HK\$	2018 HK\$
Designated reserves excluded CFSC Designated Fund (Note 30)	9,067,542.58	6,820,077.91
CFSC Designated Fund		
Balance brought forward	4,945,219.72	3,924,439.29
Surplus for the year	2,348,945.45	1,020,780.43
Balance carried forward	7,294,165.17	4,945,219.72
Total	16,361,707.75	11,765,297.63

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March, 2019

37. Statement of financial position and reserve movement of the Centre (continued)

(c) Unrestricted reserves

	The Centre	
	2019	2018
	HK\$	HK\$
Unrestricted reserves excluded		
service units reserves (Note 31(g))	45,019,463.63	40,412,170.50
Service Units reserves		
Balance brought forward	10,009,723.82	10,398,340.12
Fund transfer to Education Bureau Reserve	-	(42,136.82)
Surplus/(deficit) for the year	2,191,520.96	(346,479.48)
Balance carried forward	12,201,244.78	10,009,723.82
Total	57,220,708.41	50,421,894.32

(d) Detail breakdown of Education Bureau reserve

	2019	2018
	HK\$	HK\$
(i) Kindergartens/Adult Education		
Balance brought forward	4,614,637.67	2,704,865.90
(Deficit)/surplus for the year	(3,181,980.52)	1,910,786.97
Refund to Government – Audit Education	(690.20)	(1,015.20)
Balance carried forward	1,431,966.95	4,614,637.67
(ii) Community-based Projects 2014/15		
Balance brought forward	-	(41,886.82)
Refund to Government	-	(250.00)
Transfer from Unit Surplus Reserves	-	42,136.82
Balance carried forward	-	-

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March, 2019

37. Statement of financial position and reserve movement of the Centre (continued)

(d) Detail breakdown of Education Bureau reserve (continued)

	2019	2018
	HK\$	HK\$
(iii) Community-based Projects 2015/16		
Balance brought forward	(41,106.22)	(41,106.22)
Income	-	-
Expenditure	(9,366.59)	-
Deficit for the year	(9,366.59)	-
Balance carried forward	(50,472.81)	(41,106.22)
(iv) Community-based Projects 2016/17		
Balance brought forward	(96,871.90)	157,895.13
Income	70,705.00	457,669.00
Expenditure	20,120.56	(712,436.03)
Surplus/(deficit) for the year	90,825.56	(254,767.03)
Balance carried forward	(6,046.34)	(96,871.90)
(v) Community-based Projects 2017/18		
Balance brought forward	83,812.82	-
Income	222,751.00	561,741.00
Expenditure	(308,947.78)	(477,928.18)
(Deficit)/surplus for the year	(86,196.78)	83,812.82
Balance carried forward	(2,383.96)	83,812.82

CHRISTIAN FAMILY SERVICE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March, 2019

37. Statement of financial position and reserve movement of the Centre (continued)

(d) Detail breakdown of Education Bureau reserve (continued)

	2019	2018
	HK\$	HK\$
(vi) Community-based Projects 2018/19		
Balance brought forward	-	-
Income	127,684.00	-
Expenditure	(71,523.61)	-
Surplus for the year	56,160.39	-
Balance carried forward	56,160.39	-
Total (deficit)/surplus for the year (Note 23)	(3,130,557.94)	1,739,832.76
(vii) Balance carried forward		
Kindergardens/Adult Education	1,431,966.95	4,614,637.67
Community-based Projects	(2,742.72)	(54,165.30)
Total (Note 23)	1,429,224.23	4,560,472.37