



# 週年財務報告

The Annual Financial Report

# 2017

**CHRISTIAN FAMILY SERVICE CENTRE  
(INCORPORATED UNDER THE HONG KONG  
COMPANIES ORDINANCE)  
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2017**

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范 陳 會 計 師 行  
***FAN, CHAN & CO.***

CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG

The directors present herewith their report and the audited consolidated financial statements for the year ended 31 March, 2017.

**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.

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, 2017 and the state of affairs of the Group and the Centre at that date are set out in the consolidated financial statements on pages 8 to 48.

**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, 2017 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:

Mr. Nicholas Chiu Sai-chuen, B.B.S., M.B.E., J.P. (Chairman)	趙世存	
Professor Alex Kwan Yui-huen (Vice-chairman)	關銳煊	
Rev. Daniel Li Yat-shing (Hon. Treasurer)	李日誠	
Mr. Chan Wing-kai	陳永佳	(resigned on 1 January, 2017)
Mr. Cheng Wing-for	鄭榮科	
Mr. Lau Chun-chuen, Karl	劉俊泉	
Major On Dieu-quang	溫光耀	(resigned on 1 June, 2016)
Rev. Po Kam-cheong	蒲錦昌	
The Hon. Madam Justice Maggie Poon Man-kay	潘敏琦	
Mr. Thomas Tsang Fuk-chuen	曾福全	
Miss Nora Yau Ho-chun, M.H., J.P.	邱可珍	
Dr. Alice Yuk Tak-fun, B.B.S., J.P.	郁德芬	(resigned on 1 January, 2017)
Rev. Yung Chuen-hung	翁傳鏗	
Rev. Wong Chak-tong	王澤堂	
Mr. Antonio Kwong Cho-shing, M.H.	鄺祖盛	
Rev. Chan Wing On	陳永安	(appointed on 27 July, 2016)
Mr. Kwok Wai Keung	郭偉強	(appointed on 1 January, 2017)
Mr. Chow Siu Ngor	鄒小岳	(appointed on 1 January, 2017)

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: Mr. 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 transactions, arrangements and contracts of significance in relation to the Group's business to which the Centre or its subsidiary was a party and in which a director of the Centre had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Directors' interests in underlying debentures of the Centre or any specified undertaking of the Centre

At no time during the year was the Centre, its subsidiary, a party to any arrangement to enable the directors of the Centre to hold any interests in the debentures of, the Centre or its specified undertakings.

## 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**

### **A fair review of business**

In the year 2016-17, Christian Family Service Centre continued to operate smoothly with a steady growth in business. The total turnover of the year was \$491M, representing a 9% growth compared to \$451M in 2015-16. The revenue came from three categories of service operation including the SWD Lump Sum Grant Service (LSG), Applied-Funding Service (Applied-Fund) and Self-Supporting Service (Self-Supporting). The revenue increase for LSG, Applied-Fund and Self-Supporting categories is 6%, 15% and 19% respectively. The LSG reserve increased from \$29.1M to \$31.3M while the total reserves dropped from \$178M to \$162M. The decrease in total reserve is mainly due to claw back of \$30M from Lotteries Fund which was the accumulated surplus of a Lotteries Fund supported pilot project "Home Care Support for People with Severe Disabilities". This service was transformed into a regular service under the LSG category in 2014 and the fund accumulated during its pilot stage had to be returned to Lotteries Fund with the transaction being effect in the year 2016-17.

### **Principal risks and uncertainties**

The risk of LSG revenue drop is low. In 2016-17, about 66% 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 projects will continue except the Shatin Community Green Station operation contract which will be ended in November 2017. Whether the contract can be renewed will be announced in September 2017. A big uncertainty regarding Applied Funding service is related to the taking up of the Ma Yau Tong Central Revitalization Project in June 2016. Risks will be further assessed.

For Self-Supporting services, most of the projects are operated in stable business environments and the budget forecast is positive except the Home Café whose business will be restricted by the license.

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 investment-risk is relatively low. Regarding interest-rate risk, Christian Family Service Centre has utilized a \$20M credit facility at a very low interest rate for purchasing an office in 2016-17. A change in interest rate will not affect the cash flow and operation.

### **Important events since the end of the financial year**

In 2016-17, the Board of Directors took the initiative to improve the staff MPF benefit. Consultants from Willis Towers Watson were invited to provide an actuary study on provident fund. A new MPF policy was then implemented in January 2017 with increased employer contribution for staff MPF.

In view of less favorable operating environment and high rental, two service projects located in Causeway Bay were terminated in June 2016. The Chinese Medical Centre was closed down while the Professional Training Centre relocated to Cheung Sha Wan.

A few important service projects were successfully secured in 2016-17, including a three-year operation contract of the Kwun Tong Community Green Station offered by the Environmental Protection Department in September 2016; and a three-year "CFSC Jockey Club New Estate Support Programme" project launched in May 2016 to support the needy families who moved into the Anderson Road new housing estates.

To upkeep with the trend and align with the new direction, the "Elderly Community Support Core Service" was renamed as "50+ Active Ageing Service". Simultaneously, an innovative event "HK50+ Award" was launched in December 2016 to engage commercial sector to pay greater concern to the needs of the growing number of young old.

**Business review (continued)**

**Important events since the end of the financial year (continued)**

Owing to the lack of office space, a commercial flat of around 2,000 sq. ft. was bought in October and was used as the office of the business unit "Vital Employee Assistance Consultancy" from December 2016.

After the reorganization of ten core services completed in June 2016, a service branding campaign started to evolve under the theme of "Services for a Better City". A branding company was employed to help in the branding design. Staff engagement and branding plan formulation was completed in March 2017.

**Future development of the organization's operation**

In the coming year of 2017-18, Christian Family Service Centre anticipates bold step improvement in various aspects. Service-wise, we are going to operate a new Kindergarten in On Tat Estate for 200 pre-school children. Supported by the S. K. Yee Medical Foundation, we will operate a new dental clinic in To Kwa Wan District tentatively from October 2017. For Environmental Protection Service, we need to be fully engaged in the technical study and business planning of the Ma Yau Tong Central Landfill Revitalization Project which was granted to CFSC in-principle in June 2017.

There will be quite a number of renovations being carried out in 2017-18. The headquarters building will be renovated from November and be revitalized into a Green Building with BEAM Plus certification. The Yang Chen Home for the elderly will start its conversion major-renovation soon. The Tsui Lam Half-way House and the On Yee / On Yue Hostels will also be renovated in the year to catch up with the compliance requirement of the Licensing Scheme for Residential Care Homes for Persons with Disabilities.

Various promotional events under the service branding implementation plan will be launched between April to September 2017. There will possibly be organizational change coupled with the retirement of the Assistant Chief Executive in July 2017.

**Auditor**

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

For and on behalf of the Board



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Chairman, Chiu Sai Chuen, Nicholas  
Dated, 13 September, 2017

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

(incorporated in Hong Kong and limited by guarantee)

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*Opinion*

We have audited the consolidated financial statements of Christian Family Service Centre (the "Centre") and its subsidiary ("the Group") set out on pages 8 to 48, which comprise the consolidated statements of financial position as at 31 March, 2017, and the consolidated income and expenditure account, the consolidated statement of cash flows and the consolidated statement of changes in reserves and funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 2017, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 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 ("HKSA") 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 of the Centre are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, the "Lump Sum Grant Manual", the "Guide to Social Welfare Subventions", the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Community Care Fund Programme and other instructions issued by the Director of Social Welfare, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 HKSA's 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 HKSA's, 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.



**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 the directors 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.



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Fan, Chan & Co.  
Certified Public Accountants  
Hong Kong, 13 September, 2017

**CHRISTIAN FAMILY SERVICE CENTRE**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH, 2017**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Income</b>		
Social Welfare Department subvention	326,545,356.67	311,556,175.27
Government Subvention (non-social welfare department)	21,559,057.93	15,178,046.92
Community Chest Allocation	3,607,013.44	3,646,873.28
Hong Kong Jockey Club Charities Trust subvention	4,706,088.39	1,682,000.00
Other project grants	14,165,671.19	8,740,501.36
Fee income	77,601,177.78	69,773,519.48
Programme income	31,354,146.18	27,103,502.02
Donations	8,039,826.93	10,551,897.17
Bank interest income	132,060.41	117,090.56
Investment income	2,543,839.81	1,722,053.38
Other income	892,279.59	444,147.16
<b>Total income</b>	<b>491,146,518.32</b>	<b>450,515,806.60</b>
<b>Deduct :</b>		
<b>Expenditures</b>		
Personal emoluments	341,919,193.59	306,389,187.72
Staff incentive and allowance	3,143,423.86	3,072,757.01
Staff benefits and training	4,081,759.59	4,148,778.54
Administrative expenses	4,565,402.50	4,352,031.80
Finance charges	128,868.50	-
Utilities expenses	7,780,829.05	7,783,637.31
Stores and equipment	29,407,755.85	29,885,607.19
Insurance premium for office	3,781,660.77	3,295,889.87
Publicity and promotion expenses	912,400.37	717,273.04
Programme expenses	21,856,776.83	20,551,147.90
Hire of services	18,247,295.12	13,919,182.00
Transportation and travelling	4,102,674.67	3,732,689.15
Food for clients	11,191,307.03	10,631,498.26
Incentive payment for clients	1,751,456.31	1,109,791.34
Clients' medical care and supplies	6,957,238.72	6,302,825.58
Insurance premium for clients	100,757.30	115,363.60
Rent and rates	14,644,212.76	14,619,196.15
Miscellaneous	2,006,250.59	2,077,544.46
<b>Total expenditures</b>	<b>476,579,263.41</b>	<b>432,704,400.92</b>
<b>Surplus for the year before transfer to restricted and designated reserves</b>	<b>14,567,254.91</b>	<b>17,811,405.68</b>

**CHRISTIAN FAMILY SERVICE CENTRE**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH, 2017**

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	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Transferring to:</b>		
- Restricted reserves	(3,306,854.46)	(9,039,120.00)
- Designated reserves	(1,473,886.54)	(994,120.98)
- Unrestricted reserves	(3,820,810.52)	(2,189,313.03)
	<hr/>	<hr/>
<b>General fund</b>	<b>5,965,703.39</b>	<b>5,588,851.67</b>

**CHRISTIAN FAMILY SERVICE CENTRE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH, 2017**

	Note	2017 HK\$	2016 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	(8)	68,825,043.25	42,488,422.97
Available-for-sale investments	(10)	80,895,106.16	77,464,815.64
		149,720,149.41	119,953,238.61
<b>Current assets</b>			
Other receivables, deposits and prepayments	(11)	18,199,029.55	9,517,846.57
Pledged deposits	(12)	10,563,984.34	8,400,921.50
Cash and bank balances	(12)	53,589,050.38	93,110,950.87
		82,352,064.27	111,029,718.94
<b>Current liabilities</b>			
Accruals and other payables	(13)	19,063,347.22	14,180,221.89
Deferred income		35,785,557.40	38,400,675.44
Bank borrowings	(13)	15,000,000.00	-
		69,848,904.62	52,580,897.33
<b>Net current assets</b>		12,503,159.65	58,448,821.61
<b>Net assets</b>		162,223,309.06	178,402,060.22

**CHRISTIAN FAMILY SERVICE CENTRE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH, 2017**

	Note	2017 HK\$	2016 HK\$
<b>Representing: -</b>			
General fund			
- Accumulated surplus	(14)	51,441,265.33	45,475,561.94
Restricted reserves			
- SWD Lump Sum Grant reserve	(15)	31,275,737.33	29,054,276.37
- SWD provident fund reserve	(16)	32,116,593.68	28,040,113.10
- Other restricted reserves	(17)	(14,726,449.41)	20,575,803.15
Capital project and restricted funds	(26)	(372,135.04)	(765,962.36)
Designated reserves	(30)	9,682,055.93	8,208,169.39
Unrestricted reserves	(31)	50,860,264.28	47,793,388.52
Fair value reserve		1,945,976.96	20,710.11
<b>Total reserves and funds</b>		<b>162,223,309.06</b>	<b>178,402,060.22</b>

The consolidated financial statements were approved and authorised for issue by the Board on 13 September, 2017 and are signed on its behalf by:



Chairman, Chiu Sai Chuen, Nicholas



Hon. Treasurer, Li Yat Shing, Daniel



Chief Executive, Kwok Lit Tung

**CHRISTIAN FAMILY SERVICE CENTRE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH, 2017**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Operating activities</b>		
Surplus before transfer to restricted and designated reserves	14,567,254.91	17,811,405.68
Net payment on SWD LSG Reserve Expenditure (pre-approved)	(1,399,964.45)	(296,286.43)
Net payment on SWD Lump Sum Grant reserve fund	(733,449.70)	(2,366,275.64)
Net payment on SWD provident fund reserve (pre-approved)	(43,869.17)	-
Net payment on SWD provident fund reserve	(378,458.00)	(2,341,429.00)
Net payment on other restricted reserves	(30,116,167.10)	(15,715.14)
Net receipt on Capital project and restricted funds	-	10,000.00
Adjustments for:		
Depreciation	20,427,210.81	21,885,093.67
Interest income	(132,060.41)	(117,090.56)
Interest received from fund reserve (Note 25(a))	635.50	93,186.62
Finance charges	128,868.50	-
(Gain)/loss on disposal of available-for-sale investments	(123,671.17)	600,001.00
Operating surplus before changes in working capital	2,196,329.72	35,262,890.20
(Increase)/decrease in other receivables, deposits and prepayments	(8,681,182.98)	2,732,548.95
Increase in pledged deposits	(2,163,062.84)	(6,191,077.80)
Increase/(decrease) in accruals and other payables	4,883,125.33	(2,994,850.61)
Decrease in deferred income	(2,615,118.04)	(6,834,451.91)
<b>Cash flow (used in)/generated from operating activities</b>	<b>(6,379,908.81)</b>	<b>21,975,058.83</b>
<b>Investing activities</b>		
Interest received	132,060.41	117,090.56
Purchases of property, plant and equipment	(46,763,831.09)	(11,135,548.73)
Proceeds from sale of available-for-sale investments	35,629,900.80	30,868,768.25
Purchases of available-for-sale investments	(37,011,253.30)	(37,213,986.63)
Increase in time deposits	(618,484.11)	(10,435.29)
<b>Cash flow used in investing activities</b>	<b>(48,631,607.29)</b>	<b>(17,374,111.84)</b>
<b>Financing activities</b>		
Interest paid	(128,868.50)	-
Proceeds from bank loan	15,000,000.00	-
<b>Cash flow generated from financing activities</b>	<b>14,871,131.50</b>	<b>-</b>



**CHRISTIAN FAMILY SERVICE CENTRE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH, 2017**

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	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(40,140,384.60)	4,600,946.99
<b>Cash and cash equivalents at the beginning of the year</b>	90,453,230.56	85,852,283.57
<b>Cash and cash equivalents at the end of the year</b>	50,312,845.96	90,453,230.56
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances – maturity within three months	50,312,845.96	90,453,230.56

CHRISTIAN FAMILY SERVICE CENTRE

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS  
FOR THE YEAR ENDED 31 MARCH, 2017

	General Fund		SWD Lump Sum Grant reserve fund		SWD provident fund reserve		Other restricted reserves		Capital project and restricted funds		Designated reserves		Unrestricted reserves		Fair value reserve		Total	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April, 2016	45,475,561.94	29,054,276.37	28,040,113.10	20,575,803.15	(765,962.36)	8,208,169.39	47,793,388.52	20,710.11	178,402,060.22									
Surplus/(deficit) for the year	5,965,703.39	8,099,748.10	-	(4,903,967.33)	(113,527.26)	1,473,886.54	4,045,411.47	-	14,567,254.91									
Funds transfer	-	(3,744,872.99)	4,498,807.75	(282,753.63)	507,354.58	-	(978,535.71)	-	-									
Amount refunded to Government	-	(733,449.70)	(378,458.00)	-	-	-	-	-	-									
Funding receipt/(claw back)	-	-	-	(30,115,531.60)	-	-	-	-	-									(1,111,907.70)
SWD LSG Reserve Expenditure (pre-approved)	-	(1,399,964.45)	(43,869.17)	-	-	-	-	-	-									(30,115,531.60)
Change in fair value of available-for-sales investments	-	-	-	-	-	-	-	-	-									(1,443,833.62)
Net surplus / (deficit)	5,965,703.39	2,221,460.96	4,076,480.58	(35,302,252.56)	393,827.32	1,473,886.54	3,066,875.76	1,925,266.85	(16,178,751.16)									
At 31 March, 2017	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									

**CHRISTIAN FAMILY SERVICE CENTRE**  
**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS**  
**FOR THE YEAR ENDED 31 MARCH, 2017**

	General Fund		SWD Lump Sum Grant reserve fund		SWD provident fund reserve		Other restricted reserves		Capital project and restricted funds		Designated reserves		Unrestricted reserves		Fair value reserve		Total	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April, 2015	39,886,710.27	25,202,123.72	25,752,037.16	27,442,466.99	(5,614,988.02)	7,020,248.41	45,797,875.49	2,398,878.33	167,885,342.35									
Surplus/(deficit) for the year	5,588,851.67	11,144,219.66	-	(6,943,996.09)	4,568,466.52	994,120.98	2,459,742.94	-	17,811,405.68									
Funds transfer	-	(4,629,504.94)	4,629,504.94	(139.23)	270,569.14	193,800.00	(464,229.91)	-	-									
Amount refunded to Government	-	(2,366,275.64)	(2,341,429.00)	(105,504.94)	-	-	-	-	(4,813,209.58)									
Funding receipt/(claw back)	-	-	-	182,976.42	10,000.00	-	-	-	192,976.42									
SWD LSG Reserve Expenditure (pre-approved)	-	(296,286.43)	-	-	-	-	-	-	(296,286.43)									
Change in fair value of available-for-sales investments	-	-	-	-	-	-	-	(2,378,168.22)	(2,378,168.22)									
Net surplus / (deficit)	5,588,851.67	3,852,152.65	2,288,075.94	(6,866,663.84)	4,849,035.66	1,187,920.98	1,995,513.03	(2,378,168.22)	10,516,717.87									
At 31 March, 2016	45,475,561.94	29,054,276.37	28,040,113.10	20,575,803.15	(765,962.36)	8,208,169.39	47,793,388.52	20,710.11	178,402,060.22									

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

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new, revised and amendments to HKFRSs that are first effective for the current accounting period of the Group. The application of the new, revised and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and on the disclosures set out in these consolidated financial statements.

- Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*
- Amendments to HKAS 16, *Property, plant and equipment* and HKAS 38, *Intangible assets: Clarification of acceptable methods of depreciation and amortization*
- Amendments to HKFRS10, *Consolidated financial statements*, HKFRS 12, *Disclosure of interests in other entities* and HKAS 28, *Investments in associates and joint ventures: Investment entities: Applying the consolidation exception*
- Amendments to HKFRS 11, *Joint arrangements: Accounting for acquisitions of interests in joint operations*
- Annual Improvements to HKFRSs 2012-2014 Cycle

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

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

- Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative* \*
- Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses* \*
- HKFRS 9 Financial instruments \*\*
- HKFRS 15 Revenue from contracts with customers \*\*
- HKFRS 16 Leases \*\*\*

\* effective for accounting period beginning on or after 1 January, 2017

\*\* effective for accounting period beginning on or after 1 January, 2018

\*\*\* effective for accounting period beginning on or after 1 January, 2019

## 3. Significant accounting policies

### Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with significant risk of material adjustments in the next year are discussed in note 4.

### **3. Significant accounting policies (continued)**

#### **Basis of consolidation**

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

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

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

#### **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.

#### **Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default of delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.



### **3. Significant accounting policies (continued)**

#### **Impairment of financial assets (continued)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

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

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

#### **Investments**

Investments are recognised and derecognised on the trade date when the company commits itself to purchase or sell an asset and are initially measured at fair value plus, in the case of investments other than trading securities, transaction costs. At the end of each reporting period, the company assesses whether there is any objective evidence that an investment or group of investments is impaired. Investments are further categorised into the following classifications for the measurement after initial recognition.

##### **(i) Available-for-sale financial assets**

Investments other than those held for trading and held to maturity are classified as available-for-sale financial assets and are stated at fair value. Gain or loss on the fair value changes of available-for-sale financial assets is recognised directly in equity in the fair value reserves, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in surplus or deficit.

When the available-for-sale financial assets are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in surplus or deficit. Where the available-for-sale financial assets are interest-bearing, interest calculated using the effective interest method is recognised in surplus or deficit.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in surplus or deficit even though the financial asset has not been derecognised.

**3. Significant accounting policies (continued)**

**Investments (continued)**

(i) Available-for-sale financial assets (continued)

The amount of the cumulative loss that is removed from equity and recognised in surplus or deficit is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit.

Impairment losses recognised in surplus or deficit for an investment in an equity instrument classified as available-for-sale are not reversed through surplus or deficit. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit.

**Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of an investment on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the investments.

After initial recognition, the fair value of an investment quoted in an active market is based on the unadjusted quoted price and, for investments not quoted in an active market, the company establishes the fair value of such investment by using a valuation technique.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

**Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in surplus or deficit over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

### 3. Significant accounting policies (continued)

#### Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### Revenue

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

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

#### Property, plant and equipment

Property, plant and equipment including 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 subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

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

### 3. Significant accounting policies (continued)

#### Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to surplus or deficit on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to surplus or deficit on the straight-line basis over the lease terms.

#### Government grants

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

#### Foreign currencies

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

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

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

On disposals of group companies, the exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the surplus or deficit on disposals.

#### Related parties

A person or an entity is related to the Group if:

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

### **3. Significant accounting policies (continued)**

#### **Related parties (continued)**

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One 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 or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### **Employee benefits**

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 Group at the end of the reporting period.

#### **Reserves**

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

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

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

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

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

**4. Critical accounting estimates and judgements**

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

**Property, plant and equipment and depreciation**

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

**Allowance for impairment of trade and other receivables**

Allowance for impairment of trade and other 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.

**5. Surplus for the year**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Surplus for the year is arrived at after charging the following items:		
Salaries, allowances and other benefits in kind	328,090,241.26	294,820,769.21
Contributions to the defined contribution retirement plans	21,054,135.78	18,789,954.06
<b>Total staff costs</b>	<b>349,144,377.04</b>	<b>313,610,723.27</b>
Auditor's remuneration	219,000.00	201,400.00
Depreciation	20,427,210.81	21,885,093.67
Operating leases charges - buildings	10,765,382.66	10,761,171.60

**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 directors received no remuneration for their services to the Group during the year (2016: Nil).



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**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.

	<b>Building cost of headquarters HK\$</b>
<b>At cost</b>	
At 1 April, 2015, 31 March, 2016 and 2017	93,000,000.00
<b>Charged against Designated reserves and Lotteries Fund</b>	
At 1 April, 2015, 31 March, 2016 and 2017	93,000,000.00
<b>Net book value</b>	
At 31 March, 2016 and 2017	-

CHRISTIAN FAMILY SERVICE CENTRE

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

Cost	Leasehold land and buildings HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
At 1 April, 2016	1.00	48,899,039.78	16,464,474.50	103,732,084.00	169,095,599.28
Additions	25,391,000.00	7,349,599.53	935,642.00	13,087,589.56	46,763,831.09
Disposals	-	-	(589,912.00)	-	(589,912.00)
At 31 March, 2017	25,391,001.00	56,248,639.31	16,810,204.50	116,819,673.56	215,269,518.37
Accumulated depreciation					
At 1 April, 2016	-	41,225,283.52	13,725,761.85	71,656,130.94	126,607,176.31
Charge for the year	547,514.88	5,264,980.56	1,349,739.29	13,264,976.08	20,427,210.81
Disposals	-	-	(589,912.00)	-	(589,912.00)
At 31 March, 2017	547,514.88	46,490,264.08	14,485,589.14	84,921,107.02	146,444,475.12
Net Book Value					
At 31 March, 2017	24,843,486.12	9,758,375.23	2,324,615.36	31,898,566.54	68,825,043.25

CHRISTIAN FAMILY SERVICE CENTRE

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

Cost	Leasehold land and buildings HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Renovation HK\$	Total HK\$
At 1 April, 2015	1.00	43,080,907.40	16,198,503.50	98,680,638.65	157,960,050.55
Additions	-	5,818,132.38	265,971.00	5,051,445.35	11,135,548.73
At 31 March, 2016	1.00	48,899,039.78	16,464,474.50	103,732,084.00	169,095,599.28
<b>Accumulated depreciation</b>					
At 1 April, 2015	-	36,968,423.83	11,798,914.52	55,954,744.29	104,722,082.64
Charge for the year	-	4,256,859.69	1,926,847.33	15,701,386.65	21,885,093.67
At 31 March, 2016	-	41,225,283.52	13,725,761.85	71,656,130.94	126,607,176.31
<b>Net Book Value</b>					
At 31 March, 2016	1.00	7,673,756.26	2,738,712.65	32,075,953.06	42,488,422.97

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

**CHRISTIAN FAMILY SERVICE CENTRE**  
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**9. Interest in a subsidiary**

At 31 March, 2017, particulars of the subsidiary are as follows:

<b>Company</b>	<b>Place of incorporation</b>	<b>Proportion of ownership interest held</b>	<b>Principal activities</b>
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 Company is incorporated in Hong Kong with liability limited by guarantee.

**10. Available-for-sale investments**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
At fair value		
Debt securities and mutual funds, listed in Hong Kong and overseas	44,583,329.83	64,692,304.75
Equity securities, listed overseas	36,311,776.33	12,772,510.89
	<b>80,895,106.16</b>	<b>77,464,815.64</b>

**11. Other receivables, deposits and prepayments**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Utility and other deposits	2,112,177.59	1,968,431.27
Sundry debtors and prepayments	16,086,851.96	7,549,415.30
	<b>18,199,029.55</b>	<b>9,517,846.57</b>

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**

At 31 March, 2017, bank balances amounting to HK\$10,563,984.34 (2016: HK\$8,400,921.50) 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.

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Cash and bank balances</b>		
Maturity within three months	50,312,845.96	90,453,230.56
Maturity over three months	3,276,204.42	2,657,720.31
	<u>53,589,050.38</u>	<u>93,110,950.87</u>

**13. Accruals, other payables and bank borrowings**

**(a) Accruals and other payables**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Accounts payables and receipt in advance	17,618,985.99	13,005,695.44
Accruals, provisions and other payables	882,860.13	619,693.15
Deposits received	561,501.10	554,833.30
	<u>19,063,347.22</u>	<u>14,180,221.89</u>

**(b) Bank borrowings**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Bank loans, secured	15,000,000.00	-
Classification under contractual terms:		
Current portion	15,000,000.00	-
Non-current portion	-	-
	<u>15,000,000.00</u>	<u>-</u>
The bank borrowings are repayable as follows:		
Within 1 year	15,000,000.00	-

**CHRISTIAN FAMILY SERVICE CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. Accruals, other payables and bank borrowings (continued)**

The average effective interest rate per annum of the Group's borrowings in 2017 was 1.70% (2016: Nil).

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

- a. Available-for-sale investments with net carrying value of HK\$ 60,673,443.60 at 31 March, 2017 (2016: HK\$Nil) (note 10); and
- b. Pledged bank deposits of the Group amounted to HK\$7,332,344.24 (2016: HK\$Nil).

**14. General fund**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Surplus brought forward	45,475,561.94	39,886,710.27
Surplus for the year	5,965,703.39	5,588,851.67
Surplus carried forward	51,441,265.33	45,475,561.94

**15. SWD Lump Sum Grant reserve**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>(a) Lump Sum Grant</b>		
Balance brought forward	22,339,376.12	16,417,241.83
Surplus for the year	4,714,438.46	10,870,383.73
SWD LSG reserve expenditure (pre-approved)	(1,399,964.45)	(296,286.43)
Transfer to Central items	-	(22,458.07)
Transfer from Service Units reserves (Note 31(e))	406,350.00	-
Transfer to SWD Provident fund reserve	(4,151,222.99)	(4,629,504.94)
Balance carried forward	21,908,977.14	22,339,376.12
<b>(b) Interest income</b>		
Balance brought forward	8,027,916.80	7,855,297.15
Interest income for the year	196,989.01	172,619.65
Balance carried forward	8,224,905.81	8,027,916.80
<b>(c) Rent and rates</b>		
Balance brought forward	(3,085,869.74)	(2,864,856.42)
Surplus/(deficit) for the year	1,693,566.33	(152,316.22)
Refund to Government	(43,071.00)	(68,697.10)
Balance carried forward	(1,435,374.41)	(3,085,869.74)

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**15 SWD Lump Sum Grant reserve (continued)**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>(d) Central items</b>		
Balance brought forward	1,772,853.19	3,794,441.16
Surplus for the year	1,494,754.30	253,532.50
Transfer from Lump Sum Grant	-	22,458.07
Refund to Government	(690,378.70)	(2,297,578.54)
<b>Balance carried forward</b>	<b>2,577,228.79</b>	<b>1,772,853.19</b>
<b>Total</b>	<b>31,275,737.33</b>	<b>29,054,276.37</b>

**16. SWD provident fund reserve**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance brought forward	28,040,113.10	25,752,037.16
Transfer from SWD Lump Sum Grant reserve fund		
Existing staff	825,909.26	656,548.29
6.8% and other posts	3,325,313.73	3,972,956.65
	4,151,222.99	4,629,504.94
Refund to Government	(378,458.00)	(2,341,429.00)
Transfer from Service Units reserves (Note 31(e))	347,584.76	-
SWD LSG Reserve Expenditure (pre-approved)	(43,869.17)	-
<b>Balance carried forward</b>	<b>32,116,593.68</b>	<b>28,040,113.10</b>

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**17. Other restricted reserves**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
SWD one-off grant (Note 18)	87,112.60	87,112.60
Community chest fund (Note 19)	(3,148,291.93)	(2,066,504.66)
HKJC charities trust reserve (Note 20)	(5,814,231.18)	(3,419,426.06)
Other project grant reserves (Note 21)	2,219,912.82	1,113,088.71
Government subvention (non-social welfare department) reserves (Note 22)	(9,718,612.64)	(7,556,847.12)
Education Bureau reserve (Note 23)	2,779,767.99	1,318,085.99
Chinese Medicine Centre for Training and Research reserve (Note 24)	3,809,562.95	2,974,280.45
SWD surplus fund (Note 25)	(4,941,670.02)	28,126,013.24
	(14,726,449.41)	20,575,803.15
Other restricted reserves excluded Government subvention (non-social welfare department) (Note 37)	(5,007,836.77)	28,132,650.27

**18. SWD one-off grant**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance brought forward and carried forward	87,112.60	87,112.60

**19. Community chest fund**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance brought forward	(2,066,504.66)	(1,536,888.00)
Deficit for the year	(1,081,787.27)	(548,406.46)
Receipts	-	18,789.80
Balance carried forward	(3,148,291.93)	(2,066,504.66)



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**20. HKJC charities trust reserve**

	2017 HK\$	2016 HK\$
Balance brought forward	(3,419,426.06)	(927,401.39)
Deficit for the year	(2,394,805.12)	(2,492,024.67)
<b>Balance carried forward</b>	<b>(5,814,231.18)</b>	<b>(3,419,426.06)</b>

**21. Other project grant reserves**

	2017 HK\$	2016 HK\$
Balance brought forward	1,113,088.71	1,761,964.30
Receipt of deficit from Community Involvement Broadcasting Fund	-	71,000.00
Refund of surplus of QEF project	-	(70,634.04)
Refund of surplus of the Partnership Fund for the Disadvantaged	-	(5,634.20)
Refund of surplus of Yan Mei (Miss Asia) Charity Organization	(198,045.60)	-
Surplus/(deficit) for the year	1,304,869.71	(643,607.35)
<b>Balance carried forward</b>	<b>2,219,912.82</b>	<b>1,113,088.71</b>

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

	2017 HK\$	2016 HK\$
Balance brought forward	(7,556,847.12)	(4,141,260.90)
Refund	-	-
Transfer (Note 31(e))	(282,753.63)	(139.23)
Deficit for the year	(1,879,011.89)	(3,415,446.99)
<b>Balance carried forward</b>	<b>(9,718,612.64)</b>	<b>(7,556,847.12)</b>

**23. Education Bureau reserve**

	2017 HK\$	2016 HK\$
Balance brought forward	1,318,085.99	410,186.81
Surplus for the year (Note 37)	1,463,224.00	922,970.88
Refund to Government	(1,542.00)	(15,071.70)
<b>Balance carried forward</b>	<b>2,779,767.99</b>	<b>1,318,085.99</b>

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**24. Chinese Medicine Centre for Training and Research reserve**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance brought forward	2,974,280.45	2,789,002.79
Surplus for the year	835,282.50	185,277.66
	<hr/>	<hr/>
Balance carried forward	3,809,562.95	2,974,280.45

**25. SWD surplus fund**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>(a) SWD Lotteries fund reserve</b>		
Balance brought forward	30,103,965.92	30,010,779.30
Interest received	635.50	93,186.62
Refund to Government	(29,915,378.05)	-
	<hr/>	<hr/>
Balance carried forward	189,223.37	30,103,965.92
<b>(b) SWD projects reserves</b>		
Balance brought forward	(1,977,952.68)	(1,011,028.52)
Deficit for the year	(3,151,739.26)	(952,759.16)
Refund to Government	(1,201.45)	(14,165.00)
	<hr/>	<hr/>
Balance carried forward	(5,130,893.39)	(1,977,952.68)
<b>Total</b>	<hr/>	<hr/>
	(4,941,670.02)	28,126,013.24

**26. Capital project and restricted funds**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
F & E Replenishment and Minor Works		
Block Grant reserve (Note 27)	2,142,224.48	1,857,033.95
Social Welfare Development Fund (Note 28)	488,687.77	933,622.93
Lotteries fund (Note 29)	(3,003,047.29)	(3,556,619.24)
	<hr/>	<hr/>
	(372,135.04)	(765,962.36)

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

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance brought forward	1,857,033.95	1,594,297.11
Add: Block Grant received	3,834,000.00	3,509,000.00
Interest income received	86.43	64.26
	<u>5,691,120.38</u>	<u>5,103,361.37</u>
Less: Expenditure during the year		
Minor Works Projects	(1,278,079.00)	(1,543,452.00)
Furniture and Equipment	(1,928,401.30)	(1,352,408.42)
Vehicle Overhauling	(342,415.60)	(350,467.00)
	<u>(3,548,895.90)</u>	<u>(3,246,327.42)</u>
Balance carried forward	<u>2,142,224.48</u>	<u>1,857,033.95</u>

**Capital commitment**

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

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Contracted for but not provided in the financial statements	65,760.00	-

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**28. Social Welfare Development Fund**

	2017 HK\$	2016 HK\$
Balance brought forward	933,622.93	1,599,784.99
Add: Receipt	798,810.00	1,066,998.00
Interest income	45.68	49.28
	<u>1,732,478.61</u>	<u>2,666,832.27</u>
Less: Expenditure under Social Welfare Development Fund during the year		
Expenditure for projects under Scope A	-	(564,773.24)
Expenditure for projects under Scope B	(1,751,145.42)	(1,439,005.24)
	<u>(1,751,145.42)</u>	<u>(2,003,778.48)</u>
Transfer from Corporate system support reserves (Note 31(g))	507,354.58	270,569.14
Balance carried forward	<u>488,687.77</u>	<u>933,622.93</u>

**Note:**

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

	Phase 1 HK\$	Phase 2 HK\$	Phase 3 HK\$	Total HK\$
Balance brought forward	42,480.96	891,141.97	-	933,622.93
Add: Receipt	-	93,280.00	705,530.00	798,810.00
Interest income	-	26.52	19.16	45.68
	<u>42,480.96</u>	<u>984,448.49</u>	<u>705,549.16</u>	<u>1,732,478.61</u>
Less: Expenditure under Social Fund during the year				
Expenditure for projects under Scope A	-	(168,289.36)	(261,649.66)	(429,939.02)
Expenditure for projects under Scope B	(197,910.07)	(1,123,296.33)	-	(1,321,206.40)
	<u>(197,910.07)</u>	<u>(1,291,585.69)</u>	<u>(261,649.66)</u>	<u>(1,751,145.42)</u>
Transfer from Corporate system support reserves (Note 31(g))	197,910.07	309,444.51	-	507,354.58
Balance carried forward	<u>42,480.96</u>	<u>2,307.31</u>	<u>443,899.50</u>	<u>488,687.77</u>

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**29. Lotteries fund**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance brought forward	(3,556,619.24)	(8,809,080.12)
Receipts	-	10,000.00
Surplus for the year	553,571.95	5,242,460.88
	<hr/>	<hr/>
Balance carried forward	(3,003,047.29)	(3,556,619.24)

**30. Designated reserves**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>(a) CFSC Designated Fund -</b>		
Balance brought forward	4,097,490.41	2,936,454.84
Transfer (Note 31(b))	-	193,800.00
(Deficit)/surplus for the year	(173,051.12)	967,235.57
	<hr/>	<hr/>
Balance carried forward	3,924,439.29	4,097,490.41
<b>(b) Lai Chi Centre Designated Fund Reserves -</b>		
Balance brought forward and carried forward	141,979.74	141,979.74
	<hr/>	<hr/>
<b>(c) Flag Day Fund -</b>		
Balance brought forward	2,052,989.88	2,063,606.60
Net proceeds raised in the Flag day*	1,537,636.65	-
Deficit for the year	(11,278.89)	(10,616.72)
	<hr/>	<hr/>
Balance carried forward	3,579,347.64	2,052,989.88
<b>(d) Anti-poverty project for youngster fund -</b>		
Balance brought forward and carried forward	(74.52)	(74.52)
	<hr/>	<hr/>
<b>(e) Elderly raffle tickets fund</b>		
Balance brought forward	1,301,128.24	1,263,626.11
Surplus for the year	120,579.90	37,502.13
	<hr/>	<hr/>
Balance carried forward	1,421,708.14	1,301,128.24

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**30. Designated reserves (continued)**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
(f) Yam Pak Charitable Foundation -		
Balance brought forward and carried forward	614,655.64	614,655.64
Total	9,682,055.93	8,208,169.39

\* (i) The net proceeds raised in the flag day held on 11 February, 2017 was HK\$1,537,636.65;

(ii) The purpose of raising funds are for:

- (1) Developing services for adolescent with mental health problems;
- (2) Enhancing support services for persons with disabilities and ex-mentally ill persons, and their carers; and
- (3) Developing community development services for vulnerable groups and those inadequately housed.

(iii) Nil amount of net proceed of Flag Day was utilized in the financial year of 2016/17. Thereafter, the donations collected will be utilized according to the flag day permit conditions.

**31. Unrestricted reserves**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
(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	4,178,533.62	4,422,587.19
Transfer (Note 30(a))	-	(193,800.00)
Surplus/(deficit) for the year	373,729.95	(50,253.57)
Balance carried forward	4,552,263.57	4,178,533.62
(c) CFSC Building Redevelopment Fund -		
Balance brought forward and carried forward	130,085.86	130,085.86
(d) Miscellaneous Fund -		
Balance brought forward		
carried forward	100.00	100.00

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**31. Unrestricted reserves (continued)**

	2017 HK\$	2016 HK\$
<b>(e) Service Units reserves -</b>		
Balance brought forward	13,483,144.63	13,254,168.82
Fund transfer to lump sum grant reserve (Note 15(a))	(406,350.00)	-
Fund transfer to SWD Provident Fund Reserve (Note 16)	(347,584.76)	-
Fund transfer from Government subvention (non-social welfare department) reserves (Note 22)	282,753.63	139.23
Surplus for the year	566,776.86	228,836.58
Balance carried forward	13,578,740.36	13,483,144.63
<b>(f) HQ building maintenance reserves -</b>		
Balance brought forward	1,605,148.94	1,257,317.06
Surplus for the year	380,428.56	347,831.88
Balance carried forward	1,985,577.50	1,605,148.94
<b>(g) Corporate systems support reserves -</b>		
Balance brought forward	622,956.67	684,240.60
Surplus for the year	366,770.71	209,285.21
Fund transfer to Social Welfare Development Fund (Note 28)	(507,354.58)	(270,569.14)
Balance carried forward	482,372.80	622,956.67
<b>(h) Service Development reserves -</b>		
Balance brought forward	14,992,266.95	13,268,224.11
Surplus for the year	2,357,705.39	1,724,042.84
Balance carried forward	17,349,972.34	14,992,266.95
<b>Total</b>	<b>50,860,264.28</b>	<b>47,793,388.52</b>
Unrestricted reserves excluded service units reserves (Note 37)	37,281,523.92	34,310,243.89

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**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 31 March, 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Within one year	9,270,310.00	9,406,380.60
In the second to fifth years, inclusive	8,253,730.00	14,323,572.00
	<u>17,524,040.00</u>	<u>23,729,952.60</u>

**33. Contingent liabilities**

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

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Staff long service payments not covered by MPF and ORSO Scheme	-	354,359.35

**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:

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Fees	-	-
Salaries, allowances and benefits in kind	14,098,522.00	13,581,348.00
MPF and ORSO scheme contributions	1,353,494.00	1,201,406.00
	<u>15,452,016.00</u>	<u>14,782,754.00</u>



**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 available-for-sale investments are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity and debt securities price risk. This exposure is managed by maintaining a portfolio of investments with different profiles both in Hong Kong and overseas. The sensitivity analysis has been determined based on the exposure to equity price risk. At the reporting date, if the fair value of available-for-sale investments had been 5% higher/lower while all other variables were held constant, the Group's reserves and funds would increase/decrease by approximately HK\$4,044,755 (2016: HK\$3,873,240.78).

**Currency risk**

The Group is exposed to foreign currency risk arising from transactions and translation of available-for-sale investments and cash and cash equivalents which are denominated in Singapore dollars ("SGD"), British Pound ("GBP"), Euro 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		Euro		USD	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>								
Available-for-sale investments	-	-	-	1,262	-	2,277	71,885	62,312
Cash and cash equivalents	21	21	20	-	-	-	4,165	3,459

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		Euro		
	2017	2016	2017	2016	2017	2016	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Other equity		1	1	1	63	-	114

**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\$
<b>At 31 March, 2017</b>			
Accruals and other payables	19,063,347.22	19,063,347.22	19,063,347.22
Bank borrowings	15,000,000.00	15,021,250.00	15,000,000.00
	<b>34,063,347.22</b>	<b>34,084,597.22</b>	<b>34,063,347.22</b>
<b>At 31 March, 2016</b>			
Accruals and other payables	14,175,220.46	14,175,220.46	14,175,220.46

**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 as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows :

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

**35. Financial risk management objectives and policies (continued)**

**Liquidity risk**

	Fair value at 31 March, 2017 HK\$'000	Fair value measurements as at 31 March, 2017 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Available-for-sale investments:	80,895	80,895	-	-

During the year ended 31 March, 2017, 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, 2017, 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\$75,000 (2016:HK\$ Nil).

**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.

**CHRISTIAN FAMILY SERVICE CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2017**

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

	The Centre	
	2017 HK\$	2016 HK\$
<b>Non-current assets</b>		
Property, plant and equipment	68,799,257.81	42,435,067.44
Interest in a subsidiary	-	-
Available-for-sale investments	80,895,106.16	77,464,815.64
	149,694,363.97	119,899,883.08
<b>Current assets</b>		
Other receivables, deposits and prepayments	17,858,088.64	9,356,799.22
Pledged deposits	10,563,984.34	8,400,921.50
Cash and cash equivalents	50,290,783.31	91,190,925.96
	78,712,856.29	108,948,646.68
<b>Current liabilities</b>		
Accruals and other payables	18,171,428.00	13,416,008.29
Amount due to a subsidiary	19,564.29	10,352.57
Deferred income	35,785,557.40	38,400,675.44
Bank borrowings	15,000,000.00	-
	68,976,549.69	51,827,036.30
<b>Net current assets</b>	9,736,306.60	57,121,610.38
<b>Net assets</b>	159,430,670.57	177,021,493.46

CHRISTIAN FAMILY SERVICE CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH, 2017

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

	Note	The Centre	
		2017 HK\$	2016 HK\$
<b>Representing: -</b>			
General fund			
- Accumulated surplus	(14)	51,441,265.33	45,475,561.94
Restricted reserves			
- SWD Lump Sum Grant reserve	(15)	31,275,737.33	29,054,276.37
- SWD provident fund reserve	(16)	32,116,593.68	28,040,113.10
- Other restricted reserves		(14,338,687.66)	20,680,811.27
Capital project and restricted funds	(26)	(372,135.04)	(765,962.36)
Designated reserves	(30)	9,682,055.93	8,208,169.39
Unrestricted reserves		47,679,864.04	46,307,813.64
Fair value reserve		1,945,976.96	20,710.11
<b>Total reserves and funds</b>		<b>159,430,670.57</b>	<b>177,021,493.46</b>

Approved by the Board on 13 September, 2017



Chairman, Chiu Sai Chuen, Nicholas



Hon. Treasurer, Li Yat Shing, Daniel



Chief Executive, Kwok Lit Tung

CHRISTIAN FAMILY SERVICE CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2017

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

**Other restricted reserves**

	The Centre	
	2017 HK\$	2016 HK\$
Other restricted reserves excluded government subvention (non-social welfare department) reserves (Note 17)	(5,007,836.77)	28,132,650.27
Government subvention (non-social welfare department) reserves		
Balance brought forward	(7,451,839.00)	(4,036,392.01)
Deficit for the year	(1,879,011.89)	(3,415,446.99)
Balance carried forward	(9,330,850.89)	(7,451,839.00)
Total	(14,338,687.66)	20,680,811.27

**Unrestricted reserves**

	The Centre	
	2017 HK\$	2016 HK\$
Unrestricted reserves excluded service units reserves (Note 31)	37,281,523.92	34,310,243.89
Service Units reserves		
Balance brought forward	11,997,569.75	12,383,567.38
Fund transfer to Lump Sum Grant	(406,350.00)	-
Fund transfer to SWD Provident Fund Reserve	(347,584.76)	-
Deficit for the year	(845,294.87)	(385,997.63)
Balance carried forward	10,398,340.12	11,997,569.75
Total	47,679,864.04	46,307,813.64

**CHRISTIAN FAMILY SERVICE CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2017**

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

**Detail breakdown of Education Bureau reserve**

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>(a) Kindergartens/Adult Education</b>		
Balance brought forward	826,391.08	69,402.01
Surplus for the year	1,880,016.82	758,805.07
Refund to Government – Audit Education	(1,542.00)	(1,816.00)
<b>Balance carried forward</b>	<b>2,704,865.90</b>	<b>826,391.08</b>
<b>(b) After School Learning 2012/13</b>		
Balance brought forward	-	8,233.70
Refund to government	-	(8,233.70)
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>
<b>(c) Community-based Projects 2013/14</b>		
Balance brought forward	-	5,022.00
Refund to government	-	(5,022.00)
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>
<b>(d) Community-based Projects 2014/15</b>		
Balance brought forward	(41,886.82)	327,529.10
Income	-	563,055.00
Expenditure	-	(932,470.92)
<b>Deficit for the year</b>	<b>-</b>	<b>(369,415.92)</b>
<b>Balance carried forward</b>	<b>(41,886.82)</b>	<b>(41,886.82)</b>
<b>(e) Community-based Projects 2015/16</b>		
Balance brought forward	533,581.73	-
Income	687,091.00	2,748,374.00
Expenditure	(1,261,778.95)	(2,214,792.27)
<b>(Deficit)/surplus for the year</b>	<b>(574,687.95)</b>	<b>533,581.73</b>
<b>Balance carried forward</b>	<b>(41,106.22)</b>	<b>533,581.73</b>

CHRISTIAN FAMILY SERVICE CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH, 2017

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

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

	2017 HK\$	2016 HK\$
<b>(f)</b> Community-based Projects 2016/17		
Balance brought forward	-	-
Income	2,113,500.00	-
Expenditure	(1,955,604.87)	-
Surplus for the year and balance carried forward	157,895.13	-
Total surplus for the year (Note 23)	1,463,224.00	922,970.88
<b>(g)</b> Balance carried forward		
Kindergardens/Adult Education	2,704,865.90	826,391.08
After School Learning/Community-based Projects	74,902.09	491,694.91
Total	2,779,767.99	1,318,085.99