

The directors present herewith their report and the audited financial statements for the year ended 31 March, 2010.

### **Principal activities**

The principal activities of the Centre are the 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.

### **Financial statements**

The results of the Centre for the year ended 31 March, 2010 and the state of affairs of the Centre at that date are set out in the financial statements on pages 88 to 110.

### **Centre status**

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

### **Reserves**

Details of movements in the reserves of the Centre for 2010 are set out in notes 10 to 20 to the financial statements.

### **Property, plant and equipment**

Details of movements in property, plant and equipment of the Centre for 2010 are set out in note 7 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)  
Rev. Daniel Li Yat-shing (Vice-chairman)  
Mr. Nicholas Chiu Sai-chuen, B.B.S., M.B.E., J.P. (Hon. Treasurer)  
Dr. Miranda Chan Lai-foon  
Professor Sophia Chan Siu-chee  
Rev. Kan Kei-piu  
Rev. Dr. Li Ping-kwong  
The Hon. Madam Justice Maggie Poon Man-kay  
Mr. Thomas Tsang Fuk-chuen  
Major Simon Tso Kam-shing  
The Hon. Wong Sing-chi  
Miss Nora Yau Ho-chun, J.P.  
Dr. Alice Yuk Tak-fun, J.P.  
Rev. Yung Chuen-hung  
Rev. Wong Mei Fung (appointed on 1 January, 2010)  
Dr. Lawrence Yick Kar-lim (resigned on 31 December, 2009)

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

**Directors' interests in contracts**

No contract of significance in relation to the Centre's business, to which the Centre was a party and in which a director of the Centre has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

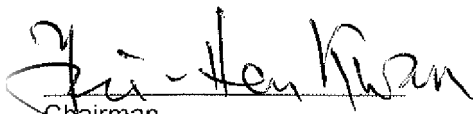
**Directors' benefits from rights to acquire share or debenture**

At no time during the year was the Centre a party to any arrangements to enable the directors of the Centre to acquire benefits by means of the acquisition of shares in, or debentures of the Centre or any other body corporate.

**Auditors**

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

For and on behalf of the Board



Chairman

Dated, 4 August, 2010

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

(incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Christian Family Service Centre (the "Centre") set out on pages 88 to 110, which comprise the balance sheet as at 31 March, 2010, and the income and expenditure accounts, cash flow statement and statement of changes in reserves and funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit, and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Centre's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

(incorporated in Hong Kong and limited by guarantee)

*Opinion*

In our opinion, the financial statements give a true and fair view of the state of affairs of the Centre as at 31 March, 2010 and of the Centre's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance, the "Lump Sum Grant Manual", the "Guide to Social Welfare Subventions" and other instructions issued by the Director of Social Welfare.




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Fan, Chan & Co.  
 Certified Public Accountants  
 Hong Kong, 4 August, 2010

CHRISTIAN FAMILY SERVICE CENTRE  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH, 2010

|  | 2010<br>HK\$          | 2009<br>HK\$          |
|--|-----------------------|-----------------------|
| <b>Income</b>                                    |                       |                       |
| Social Welfare Department subvention             | 165,022,166.00        | 152,454,214.00        |
| Community Chest allocation                       | 2,310,012.17          | 1,731,135.00          |
| Hong Kong Jockey Club Charities Trust subvention | 2,725,643.48          | 2,688,788.95          |
| Education Bureau subvention                      | 1,144,216.83          | 1,137,336.38          |
| Fee income                                       | 35,553,692.61         | 33,492,883.65         |
| Program income                                   | 19,724,564.96         | 17,845,653.66         |
| Donations and others                             | 15,440,850.73         | 12,273,045.62         |
| Bank interest income                             | 315,327.42            | 1,059,902.26          |
| <b>Total income</b>                              | <b>242,236,474.20</b> | <b>222,682,959.52</b> |
| <b>Deduct :</b>                                  |                       |                       |
| <b>Expenditures</b>                              |                       |                       |
| Personal emoluments                              | 174,157,768.83        | 162,694,587.70        |
| Utility expenses                                 | 5,705,652.06          | 5,504,160.89          |
| Food   | 8,287,397.06          | 8,174,681.22          |
| Administrative expenses                          | 1,571,288.61          | 1,156,852.33          |
| Stores and equipment                             | 9,485,183.53          | 9,192,013.41          |
| Maintenance for special equipment                | 492,721.27            | 567,059.42            |
| Renovation expenses                              | 2,915,398.33          | 401,075.90            |
| Transportation and travelling                    | 1,422,013.46          | 1,257,658.53          |
| Program expenses                                 | 15,555,792.58         | 14,612,769.89         |
| Allowances for special purposes                  | 440,651.50            | 232,982.00            |
| Home and equipment improvement scheme            | 1,870,447.80          | 1,537,676.60          |
| Hire of services                                 | 2,941,450.92          | 1,853,075.48          |
| Incentive payment                                | 902,461.50            | 826,536.50            |
| Infirmity care supplement                        | 937,463.40            | 648,734.38            |
| Dementia supplement                              | 262,579.97            | 213,989.30            |
| Visiting medical services                        | 80,330.00             | 87,835.40             |
| Insurance premium                                | 2,000,608.25          | 1,851,083.58          |
| Client's medical care and supplies               | 1,678,158.90          | 1,379,668.40          |
| Rent and rates                                   | 7,421,773.00          | 6,824,652.00          |
| Miscellaneous                                    | 888,149.70            | 942,868.50            |
| <b>Total expenditures</b>                        | <b>239,017,290.67</b> | <b>219,959,961.43</b> |
| <b>Surplus for the year</b>                      | <b>3,219,183.53</b>   | <b>2,722,998.09</b>   |

## CHRISTIAN FAMILY SERVICE CENTRE

BALANCE SHEET  
AT 31 MARCH, 2010

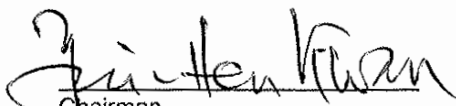
|   | Note | 2010<br>HK\$          | 2009<br>HK\$          |
|---|------|-----------------------|-----------------------|
| <b>Non-current assets</b>                   |      |                       |                       |
| Property, plant and equipment               | (7)  | 16,194,070.29         | 12,349,209.43         |
| Available-for-sale investments              | (8)  | 48,218,185.24         | 19,948,382.22         |
|   |      | 64,412,255.53         | 32,297,591.65         |
| <b>Current assets</b>                       |      |                       |                       |
| Other receivables, deposits and prepayments |      | 3,356,413.23          | 3,106,313.68          |
| Lotteries Fund receivables                  |      | 2,135,219.22          | 2,604,260.01          |
| Cash and cash equivalents                   | (9)  | 70,694,281.17         | 93,890,927.85         |
|   |      | 76,185,913.62         | 99,601,501.54         |
| <b>Current liabilities</b>                  |      |                       |                       |
| Accruals and other payables                 |      | 12,512,075.85         | 10,509,850.42         |
| Deferred income                             |      | 12,676,065.59         | 8,608,739.37          |
|   |      | 25,188,141.44         | 19,118,589.79         |
| Net current assets                          |      | 50,997,772.18         | 80,482,911.75         |
| <b>Net assets</b>                           |      | <b>115,410,027.71</b> | <b>112,780,503.40</b> |
| <b>Representing: -</b>                      |      |                       |                       |
| General fund                                |      |                       |                       |
| - Accumulated surplus                       | (10) | 9,206,269.65          | 7,508,761.61          |
| Social Welfare Department Funds             |      |                       |                       |
| - SWD subvention fund account               | (11) | -                     | 19.84                 |
| - SWD Lump Sum Grant reserve fund           | (12) | 33,446,747.65         | 38,065,916.14         |
| - SWD provident fund reserve                | (13) | 12,444,585.24         | 10,686,981.65         |
| - SWD one-off subsidy                       | (14) | 991,812.30            | 1,206,991.44          |
| - SWD one-off grant                         | (15) | 91,080.60             | -                     |
| Education Bureau reserve                    | (17) | (597,340.19)          | (18,748.09)           |
| F & E Replenishment and Minor Works Block   |      |                       |                       |
| Grant reserve                               | (18) | 1,391,420.50          | 1,281,488.86          |
| Specific funds                              | (20) | 57,070,305.41         | 53,746,138.48         |
| Fair value reserve                          |      | 1,365,146.55          | 227,973.72            |
| Translation reserve                         |      | -                     | 74,979.75             |
| <b>Total reserves and funds</b>             |      | <b>115,410,027.71</b> | <b>112,780,503.40</b> |

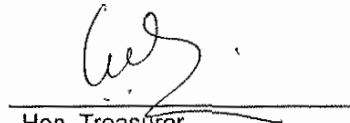


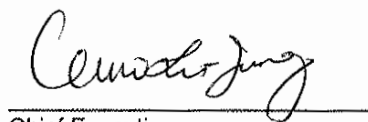
CHRISTIAN FAMILY SERVICE CENTRE

BALANCE SHEET  
AT 31 MARCH, 2010

The financial statements were approved by the Board on 4 August, 2010 and are signed on its behalf by:

  
Chairman

  
Hon. Treasurer

  
Chief Executive

CHRISTIAN FAMILY SERVICE CENTRE  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH, 2010

|   | 2010<br>HK\$           | 2009<br>HK\$          |
|---|------------------------|-----------------------|
| <b>Operating activities</b>                                       |                        |                       |
| Surplus for the year  | 3,219,183.53           | 2,722,998.09          |
| Net payment on SWD subvention fund account                        | -                      | (1,232.50)            |
| Net payment on SWD Lump Sum Grant reserve fund                    | (1,043,461.26)         | (451,936.33)          |
| Net payment on SWD provident fund reserve                         | (63,168.00)            | -                     |
| Net (payment)/receipt on SWD one-off subsidy                      | (215,179.14)           | 1,206,991.44          |
| Net receipt on SWD one-off grant                                  | 91,080.60              | -                     |
| Net receipt on F & E Replenishment and<br>Minor Works Block Grant | 183,356.08             | 124,552.59            |
| Net payment on Special one-off Block Grant                        | (73,590.00)            | -                     |
| Net payment on specific funds                                     | (549,467.96)           | (410,874.56)          |
| Net payment on translation reserve                                | (74,979.75)            | -                     |
| Adjustments for:  |                        |                       |
| Depreciation  | 8,859,432.28           | 6,402,310.20          |
| Interest income   | (315,327.42)           | (1,059,902.26)        |
| Surplus recovery  | 18,410.85              | 1,340.38              |
| Exchange difference   | -                      | 23,939.75             |
| Operating surplus before changes in working capital               | 10,036,289.81          | 8,558,186.80          |
| Increase in other receivables, deposits<br>and prepayments        | (250,099.55)           | (292,625.87)          |
| Increase in pledged deposits                                      | (4,374.20)             | (442,117.80)          |
| Decrease/(increase) in Lotteries Fund receivables                 | 469,040.79             | (1,312,202.74)        |
| Increase in accruals and other payables                           | 2,002,225.43           | 2,785,737.16          |
| Increase in deferred income                                       | 4,067,326.22           | 2,288,951.92          |
| <b>Cash flow from operating activities</b>                        | <b>16,320,408.50</b>   | <b>11,585,929.47</b>  |
| <b>Investing activities</b>                                       |                        |                       |
| Interest received   | 315,493.95             | 1,063,235.29          |
| Purchases of property, plant and equipment                        | (12,704,293.14)        | (8,601,467.97)        |
| Proceeds from sale of available-for-sale investments              | 20,633,513.10          | 12,203,461.78         |
| Purchases of available-for-sale investments                       | (47,766,143.29)        | (9,921,112.50)        |
| <b>Cash flow used in investing activities</b>                     | <b>(39,521,429.38)</b> | <b>(5,255,883.40)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>       | <b>(23,201,020.88)</b> | <b>6,330,046.07</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b>     | <b>93,069,669.45</b>   | <b>86,739,623.38</b>  |
| <b>Cash and cash equivalents at the end of the year</b>           | <b>69,868,648.57</b>   | <b>93,069,669.45</b>  |



CHRISTIAN FAMILY SERVICE CENTRE

STATEMENT OF CHANGES IN RESERVES AND FUNDS  
FOR THE YEAR ENDED 31 MARCH, 2010

|   | General fund   | SWD subvention fund account | SWD Lump Sum Grant Reserve fund | SWD provident fund reserve | SWD one-off subsidy | Education Bureau reserve | F & E Replenishment And Minor Works Block Grant reserve | Specific funds | Fair value reserve | Translation reserve | Total          |
|---|----------------|-----------------------------|---------------------------------|----------------------------|---------------------|--------------------------|---|----------------|--------------------|---------------------|----------------|
|   | HK\$           | HK\$                        | HK\$                            | HK\$                       | HK\$                | HK\$                     | HK\$  | HK\$           | HK\$               | HK\$                | HK\$           |
| At 1 April, 2008  | 7,562,965.03   | 1,232.05                    | 41,187,347.89                   | 9,079,255.46               | -                   | 104,505.19               | 1,153,623.53  | 50,193,428.64  | 692,595.16         | 51,040.00           | 110,026,012.95 |
| Adjustment for deficit recovery   | 1,340.38       | -                           | -                               | -                          | -                   | -                        | -   | -              | -                  | -                   | 1,340.38       |
| Surplus for the year  | 2,722,998.09   | -                           | -                               | -                          | -                   | -                        | -   | -              | -                  | -                   | 2,722,998.09   |
| Surplus attributable to SWD   | -              | -                           | -                               | -                          | -                   | -                        | -   | -              | -                  | -                   | -              |
| Lump Sum Grant reserve fund   | 1,123,215.23   | -                           | (1,123,215.23)                  | -                          | -                   | -                        | -   | -              | -                  | -                   | -              |
| Funds transfer  | (3,901,777.12) | -                           | (1,546,280.19)                  | 1,607,726.19               | -                   | (123,253.28)             | -   | 3,963,584.40   | -                  | -                   | -              |
| Interest income   | -              | 20.29                       | -                               | -                          | -                   | -                        | 3,312.74  | -              | -                  | -                   | 3,333.03       |
| Amount refunded to Government   | -              | (1,232.50)                  | (451,936.33)                    | -                          | -                   | -                        | -   | -              | -                  | -                   | (453,168.83)   |
| Block grant received  | -              | -                           | -                               | -                          | -                   | -                        | 892,000.00  | -              | -                  | -                   | 892,000.00     |
| Block grant expenditure   | -              | -                           | -                               | -                          | -                   | -                        | (767,447.41)  | -              | -                  | -                   | (767,447.41)   |
| Receipts from specific funds  | -              | -                           | -                               | -                          | 3,456,567.00        | -                        | -   | 3,302,076.62   | -                  | -                   | 6,758,643.62   |
| Payment for specific funds  | -              | -                           | -                               | (2,249,575.56)             | -                   | -                        | -   | (3,430,647.83) | -                  | -                   | (5,680,223.39) |
| Reversal of depreciation  | -              | -                           | -                               | -                          | -                   | -                        | -   | (282,303.35)   | -                  | -                   | (282,303.35)   |
| Exchange difference arising on translation of available-for-sales investments | -              | -                           | -                               | -                          | -                   | -                        | -   | -              | -                  | 23,939.75           | 23,939.75      |
| Change in fair value of available-for-sales investments                       | -              | -                           | -                               | -                          | -                   | -                        | -   | (464,621.44)   | -                  | -                   | (464,621.44)   |
| Net surplus / (deficit)   | (54,223.42)    | (1,212.21)                  | (3,121,431.75)                  | 1,607,726.19               | 1,206,991.44        | (123,253.28)             | 127,865.33  | 3,552,709.84   | (464,621.44)       | 23,939.75           | 2,754,490.45   |
| At 31 March, 2009   | 7,508,761.61   | 19.84                       | 38,065,916.14                   | 10,686,961.65              | 1,206,991.44        | (18,748.09)              | 1,281,488.86  | 53,746,138.48  | 227,973.72         | 74,979.75           | 112,760,503.40 |

**CHRISTIAN FAMILY SERVICE CENTRE**  
**STATEMENT OF CHANGES IN RESERVES AND FUNDS**  
**FOR THE YEAR ENDED 31 MARCH, 2010**

|   | SWD            |                         | SWD                   |               |                  |                            | SWD                 |                   |                          |   | SWD                         |                |                    |                     | F & E |      | Total          |
|---|----------------|-------------------------|-----------------------|---------------|------------------|----------------------------|---------------------|-------------------|--------------------------|---|-----------------------------|----------------|--------------------|---------------------|-------|------|----------------|
|   | General fund   | subvention fund account | Lump Sum Reserve fund | Grant fund    | SWD fund reserve | SWD provident fund reserve | SWD One-off subsidy | SWD One-off grant | Education Bureau reserve | Replenishment And Minor Works Block Grant reserve | Special One-off Block grant | Specific funds | Fair value reserve | Translation reserve | HK\$  | HK\$ |                |
| At 1 April, 2009  | 7,508,761.61   | 19.84                   | 38,065,916.14         | 10,686,981.65 | 1,205,991.44     | (18,748.09)                | 1,281,488.86        | -                 | 53,746,138.48            | -   | 227,973.72                  | 74,979.75      | 112,780,503.40     |                     |       |      |                |
| Adjustment for deficit recovery                         | 18,410.85      | -                       | -                     | -             | -                | -                          | -                   | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | 18,410.85      |
| Surplus for the year                                    | 3,219,183.53   | -                       | -                     | -             | -                | -                          | -                   | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | 3,219,183.53   |
| Surplus attributable to SWD                             | -              | -                       | -                     | -             | -                | -                          | -                   | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | -              |
| Lump Sum Grant reserve fund                             | 1,754,935.64   | -                       | (1,754,935.64)        | -             | -                | -                          | -                   | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | -              |
| Funds transfer  | (3,295,021.98) | (20.81)                 | (1,820,771.59)        | 1,820,771.59  | -                | (578,592.10)               | (73,590.00)         | 73,590.00         | 3,873,634.89             | -   | -                           | -              | -                  | -                   | -     | -    | -              |
| Interest income   | -              | 0.97                    | -                     | -             | -                | -                          | 166.56              | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | 166.53         |
| Amount refunded to Government                           | -              | -                       | (1,043,461.26)        | (63,168.00)   | -                | -                          | -                   | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | (1,106,629.26) |
| Block grant received                                    | -              | -                       | -                     | -             | -                | -                          | 2,187,100.00        | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | 2,187,100.00   |
| Block grant expenditure                                 | -              | -                       | -                     | -             | -                | -                          | (2,003,743.92)      | -                 | -                        | -   | -                           | -              | -                  | -                   | -     | -    | (2,003,743.92) |
| Receipts  | -              | -                       | -                     | -             | -                | -                          | -                   | 1,458,100.00      | 4,917,410.00             | -   | -                           | -              | -                  | -                   | -     | -    | 6,391,510.00   |
| Payment   | -              | -                       | -                     | -             | (215,179.14)     | (124,919.40)               | -                   | (1,531,690.00)    | (5,770,559.95)           | -   | -                           | -              | -                  | -                   | -     | -    | (7,642,348.49) |
| Reversal of depreciation                                | -              | -                       | -                     | -             | -                | -                          | -                   | -                 | 303,681.99               | -   | -                           | -              | -                  | -                   | -     | -    | 303,681.99     |
| Change in fair value of available-for-sales investments | -              | -                       | -                     | -             | -                | -                          | -                   | -                 | -                        | -   | -                           | 1,137,172.83   | -                  | -                   | -     | -    | 1,137,172.83   |
| Written off translation value                           | -              | -                       | -                     | -             | -                | -                          | -                   | -                 | -                        | -   | -                           | (74,979.75)    | -                  | -                   | -     | -    | (74,979.75)    |
| Net surplus / (deficit)                                 | 1,697,508.04   | (19.84)                 | (4,619,168.49)        | 1,757,603.59  | (215,179.14)     | 91,080.60                  | 109,931.64          | -                 | 3,324,166.93             | -   | 1,137,172.83                | (74,979.75)    | 2,629,524.31       |                     |       |      |                |
| At 31 March, 2010                                       | 9,206,269.65   | -                       | 33,446,747.65         | 12,444,585.24 | 991,812.30       | 91,080.60                  | 1,391,420.50        | -                 | 57,070,305.41            | -   | 1,365,146.55                | -              | 115,410,027.71     |                     |       |      |                |

## CHRISTIAN FAMILY SERVICE CENTRE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2010**1. General information**

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

During the year, the principle activities of the Centre are the 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.

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

These 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 and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Centre. There have been no significant changes to the accounting policies applied in these financial statements as a result of these developments.

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

**3. Significant accounting policies****Basis of preparation**

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

The preparation of the 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.

CHRISTIAN FAMILY SERVICE CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
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3. Significant accounting policies (continued)

**Basis of preparation (continued)**

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.

**Revenue**

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

- (i) Subvention income is recognised when the income becomes receivable with reasonable assurance in the accounting period in which would compensate the relevant 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 concerned 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 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 accumulated impairment losses.

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

|                                  |         |
|----------------------------------|---------|
| Furniture, fixture and equipment | 3 years |
| Renovation                       | 5 years |
| Motor vehicles                   | 5 years |

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

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

**Impairment of assets**

At the end of each reporting period, the Centre reviews internal and external sources of information to determine whether its property, plant and equipment have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Centre estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash generating unit). If the recoverable amount of an asset or a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Centre commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Available-for-sale financial assets are subsequently carried at fair value.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in fair value reserve are included in income and expenditure account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in income and expenditure. Dividends on available-for-sale equity instruments are recognised in income and expenditure when the Centre's right to receive payment is established.

The Centre assesses at end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 income and expenditure account - is removed from other comprehensive income and recognised in income and expenditure account. Impairment losses on equity instruments classified as available-for-sale are not reversed through income and expenditure account. Impairment losses on debt instruments classified as available-for-sale are reversed through income and expenditure account, 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 income and expenditure account.

CHRISTIAN FAMILY SERVICE CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH, 2010

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

**Receivables, deposits and prepayments**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables, deposits and prepayment is established when there is objective evidence that the Centre will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in income and expenditure account.

**Cash and cash equivalents**

For the purpose of the consolidated cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

**Accruals and other payables**

Accruals and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Centre is the lessee, rentals payable under operating leases are charged to income and expenditure 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 income and expenditure account over the expected useful life of the relevant asset by equal annual instalments.

**Employee benefits**

Salaries, annual 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 values.



CHRISTIAN FAMILY SERVICE CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2010

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

**Related parties**

A party is related to the Centre if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Centre; or has an interest in the Centre that gives it significant influence over the Centre; or has joint control over the Centre;
- (ii) the party is an associate of the Centre;
- (iii) the party is a joint venture in which the Centre is a venturer;
- (iv) the party is a member of the key management personnel of the Centre or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Centre, or of any entity that is a related party of the Centre.

**4. Surplus for the year**

|  | <b>2010</b>           | <b>2009</b>           |
|--|-----------------------|-----------------------|
|  | <b>HK\$</b>           | <b>HK\$</b>           |
| Surplus for the year is arrived at after charging the following items: |                       |                       |
| Contributions to the defined contribution retirement plans             | 11,664,192.77         | 10,911,639.46         |
| Salaries, allowances and other benefits in kind                        | 162,493,576.06        | 151,782,948.24        |
| <b>Total staff costs</b>   | <b>174,157,768.83</b> | <b>162,694,587.70</b> |
| Auditor's remuneration   | 105,700.00            | 100,060.00            |
| Depreciation   | 8,859,432.28          | 6,402,310.20          |
| Operating leases charges - buildings                                   | 5,250,618.00          | 5,027,952.00          |

**5. Taxation**

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

CHRISTIAN FAMILY SERVICE CENTRE  
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**6. Directors' remuneration**

During the years ended 31 March, 2010 and 2009, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

**7. Property, plant and equipment**

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

|  | <b>Building cost<br/>of headquarters<br/>HK\$</b> |   |                                    |                            |                       |
|--|---|---|------------------------------------|----------------------------|-----------------------|
| <b>At cost</b>   |   |   |                                    |                            |                       |
| At 1 April, 2008, 31 March, 2009 and 2010                | 93,000,000.00                                     |   |                                    |                            |                       |
| <hr/>  |   |   |                                    |                            |                       |
| <b>Charged against specific funds and Lotteries Fund</b> |   |   |                                    |                            |                       |
| At 1 April, 2008, 31 March, 2009 and 2010                | 93,000,000.00                                     |   |                                    |                            |                       |
| <hr/>  |   |   |                                    |                            |                       |
| <b>Net book value</b>                                    |   |   |                                    |                            |                       |
| At 31 March, 2009 and 2010                               | -   |   |                                    |                            |                       |
| <hr/>  |   |   |                                    |                            |                       |
|  | <b>Land<br/>HK\$</b>                              | <b>Furniture,<br/>fixtures and<br/>equipment<br/>HK\$</b> | <b>Motor<br/>vehicles<br/>HK\$</b> | <b>Renovation<br/>HK\$</b> | <b>Total<br/>HK\$</b> |
| <b>Cost</b>  |   |   |                                    |                            |                       |
| At 1 April, 2009   | 1.00  | 12,145,941.25   | 1,774,733.80                       | 13,606,239.35              | 27,526,915.40         |
| Additions  | -   | 5,157,461.94  | 4,288,570.20                       | 3,258,261.00               | 12,704,293.14         |
| <hr/>  |   |   |                                    |                            |                       |
| At 31 March, 2010  | 1.00  | 17,303,403.19   | 6,063,304.00                       | 16,864,500.35              | 40,231,208.54         |
| <hr/>  |   |   |                                    |                            |                       |
| <b>Accumulated<br/>depreciation</b>                      |   |   |                                    |                            |                       |
| At 1 April, 2009   | -   | 8,172,225.58  | 354,952.80                         | 6,650,527.59               | 15,177,705.97         |
| Charge for the year                                      | -   | 4,273,873.56  | 1,212,659.04                       | 3,372,899.68               | 8,859,432.28          |
| <hr/>  |   |   |                                    |                            |                       |
| At 31 March, 2010  | -   | 12,446,099.14   | 1,567,611.84                       | 10,023,427.27              | 24,037,138.25         |
| <hr/>  |   |   |                                    |                            |                       |
| <b>Net book value</b>                                    |   |   |                                    |                            |                       |
| At 31 March, 2010  | 1.00  | 4,857,304.05  | 4,495,692.16                       | 6,841,073.08               | 16,194,070.29         |
| <hr/>  |   |   |                                    |                            |                       |

CHRISTIAN FAMILY SERVICE CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2010

7. Property, plant and equipment (continued)

|                                 | Land<br>HK\$ | Furniture,<br>fixtures and<br>equipment<br>HK\$ | Motor<br>vehicles<br>HK\$ | Renovation<br>HK\$ | Total<br>HK\$ |
|---------------------------------|--------------|---|---------------------------|--------------------|---------------|
| <b>Cost</b>                     |              |   |                           |                    |               |
| At 1 April, 2008                | 1.00         | 7,888,962.75                                    | 1.00                      | 11,036,482.68      | 18,925,447.43 |
| Additions                       | -            | 4,256,978.50                                    | 1,774,732.80              | 2,569,756.67       | 8,601,467.97  |
| At 31 March, 2009               | 1.00         | 12,145,941.25                                   | 1,774,733.80              | 13,606,239.35      | 27,526,915.40 |
| <b>Accumulated depreciation</b> |              |   |                           |                    |               |
| At 1 April, 2008                | -            | 4,846,115.33                                    | -                         | 3,929,280.44       | 8,775,395.77  |
| Charge for the year             | -            | 3,326,110.25                                    | 354,952.80                | 2,721,247.15       | 6,402,310.20  |
| At 31 March, 2009               | -            | 8,172,225.58                                    | 354,952.80                | 6,650,527.59       | 15,177,705.97 |
| <b>Net book value</b>           |              |   |                           |                    |               |
| At 31 March, 2009               | 1.00         | 3,973,715.67                                    | 1,419,781.00              | 6,955,711.76       | 12,349,209.43 |

The leasehold land and building is situated in Hong Kong held under medium lease term.

8. Available-for-sale investments

|                                    | 2010<br>HK\$  | 2009<br>HK\$  |
|------------------------------------|---------------|---------------|
| Debt securities, listed overseas   | 38,373,808.08 | 19,948,382.22 |
| Equity securities, listed overseas | 9,844,377.16  | -             |
|                                    | 48,218,185.24 | 19,948,382.22 |

9. Pledged deposits and cash and cash equivalents

Cash and cash equivalents comprise cash held by the Centre and short-term bank deposits with an original maturity of three months or less.

At 31 March, 2010, bank balances amounting to HK\$825,632.60 (2009: HK\$821,258.40) were pledged to banks for securing credit facilities granted to the Centre.

CHRISTIAN FAMILY SERVICE CENTRE  
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**10. General fund**

|  | 2010<br>HK\$   | 2009<br>HK\$   |
|--|----------------|----------------|
| Surplus brought forward  | 7,508,761.61   | 7,562,985.03   |
| Adjustment of deficit recovery                                 | 18,410.85      | 1,340.38       |
|  | 7,527,172.46   | 7,564,325.41   |
| Surplus for the year   | 3,219,183.53   | 2,722,998.09   |
| Transfer from SWD subvention fund account (note 11)            | 20.81          | -              |
| Transfer to Lump Sum Grant reserve fund (note 12)              | 2,205,178.31   | 1,123,215.23   |
| Transfer to SWD provident fund reserve (note 13)               | -              | (61,446.00)    |
| Transfer from Education Bureau reserve (note 17)               | 578,592.10     | 123,253.28     |
| Transfer to CFSC designated fund (note 20a)                    | (3,783,021.74) | (3,778,277.39) |
| Transfer to Anti-poverty project for youngster fund (note 20f) | (90,613.15)    | (185,307.01)   |
| Transfer to Lump Sum Grant reserve fund (note 12)              | (450,242.67)   | -              |
|  | 1,679,097.19   | (55,563.80)    |
| Surplus carried forward  | 9,206,269.65   | 7,508,761.61   |

**11. SWD subvention fund account**

|                                    | 2010<br>HK\$ | 2009<br>HK\$ |
|------------------------------------|--------------|--------------|
| Balance brought forward            | 19.84        | 1,232.05     |
| Add : Interest income              | 0.97         | 20.29        |
| Less : Surplus recovery by SWD     | -            | (1,232.50)   |
| Transfer to general fund (note 10) | (20.81)      | -            |
| Surplus carried forward            | -            | 19.84        |

**CHRISTIAN FAMILY SERVICE CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2010**

**12. SWD Lump Sum Grant reserve fund**

|   | <b>2010</b>          | <b>2009</b>          |
|---|----------------------|----------------------|
|   | <b>HK\$</b>          | <b>HK\$</b>          |
| <b>(a) Lump Sum Grant</b>                                 |                      |                      |
| Balance brought forward                                   | 30,127,946.71        | 33,963,429.88        |
| Deficit for the year (note 10)                            | (2,938,339.08)       | (2,288,789.68)       |
| Transfer to SWD Provident fund reserve                    | (1,820,771.59)       | (1,546,280.19)       |
| Transfer to Central items                                 | (420.07)             | (413.30)             |
| Transfer of surplus from SWD subvention project (note 10) | 450,242.67           | -                    |
| <b>Balance carried forward</b>                            | <b>25,818,658.64</b> | <b>30,127,946.71</b> |
| <b>(b) Special One-off Grant</b>                          |                      |                      |
| Balance brought forward                                   | -                    | 1,459,360.00         |
| Deficit for the year (note 10)                            | -                    | (1,459,360.00)       |
| <b>Balance carried forward</b>                            | <b>-</b>             | <b>-</b>             |
| <b>(c) Interest income</b>                                |                      |                      |
| Balance brought forward                                   | 6,236,563.01         | 5,178,379.80         |
| Interest income for the year (note 10)                    | 315,276.50           | 1,058,183.21         |
| <b>Balance carried forward</b>                            | <b>6,551,839.51</b>  | <b>6,236,563.01</b>  |
| <b>(d) Rent and rates</b>                                 |                      |                      |
| Balance brought forward                                   | (317,920.14)         | (154,221.54)         |
| Deficit for the year (note 10)                            | (282,008.20)         | (58,056.30)          |
| Refund to Government                                      | (130,193.80)         | (105,642.30)         |
| <b>Balance carried forward</b>                            | <b>(730,122.14)</b>  | <b>(317,920.14)</b>  |
| <b>(e) Central items</b>                                  |                      |                      |
| Balance brought forward                                   | 2,019,326.56         | 740,399.75           |
| Surplus for the year (note 10)                            | 699,892.47           | 1,624,807.54         |
| Transfer from Lump Sum Grant                              | 420.07               | 413.30               |
| Refund to Government                                      | (913,267.46)         | (346,294.03)         |
| <b>Balance carried forward</b>                            | <b>1,806,371.64</b>  | <b>2,019,326.56</b>  |
| <b>Total</b>  | <b>33,446,747.65</b> | <b>38,065,916.14</b> |

CHRISTIAN FAMILY SERVICE CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2010

**13. SWD provident fund reserve**

|   | 2010<br>HK\$  | 2009<br>HK\$  |
|---|---------------|---------------|
| Balance brought forward                   | 10,686,981.65 | 9,079,255.46  |
| Transfer from SWD Lump Grant reserve fund |               |               |
| Existing staff                            | 569,996.12    | 284,285.79    |
| 6.8% and other posts                      | 1,250,775.47  | 1,261,994.40  |
| Transfer from general fund (note 10)      | -             | 61,446.00     |
| Refund to Government                      | (63,168.00)   | -             |
|   | 1,757,603.59  | 1,607,726.19  |
| Balance carried forward                   | 12,444,585.24 | 10,686,981.65 |

**14. SWD one-off subsidy**

|  | 2010<br>HK\$ | 2009<br>HK\$ |
|--|--------------|--------------|
| Balance brought forward  | 1,206,991.44 | -            |
| Add : One-off subsidy received                                   | -            | 3,456,042.00 |
| Interest income received   | -            | -            |
|  | 1,206,991.44 | 3,456,042.00 |
| Less : Expenditure during the year                               |              |              |
| Staff training   | 108,199.14   | 131,215.04   |
| Improvements to existing service delivery<br>and service quality | 106,980.00   | 137,300.00   |
| Manpower support   | -            | 1,980,535.52 |
|  | 215,179.14   | 2,249,050.56 |
| Balance carried forward  | 991,812.30   | 1,206,991.44 |

**15. SWD one-off grant**

|                         | 2010<br>HK\$ | 2009<br>HK\$ |
|-------------------------|--------------|--------------|
| Add: Receipt            | 216,000.00   | -            |
| Less: Payment           | (124,919.40) | -            |
| Balance carried forward | 91,080.60    | -            |



CHRISTIAN FAMILY SERVICE CENTRE  
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16. Additional Resources for Para-medical staff

|  | 2010<br>HK\$          | 2009<br>HK\$ |
|--|-----------------------|--------------|
| Balance brought forward  | -                     | -            |
| Add : Additional Resources for Para-medical Staff received       | 1,350,000.00          | -            |
|  | <u>1,350,000.00</u>   | <u>-</u>     |
| Less: Expenditures   |                       |              |
| Personal Emolument (Additional portion paid from Lotteries Fund) |                       |              |
| Salary   | (1,350,000.00)        | -            |
| Provident Fund   | -                     | -            |
| Allowances   | -                     | -            |
| Others   | -                     | -            |
| Hire of services (Additional portion paid from Lotteries Fund)   |                       |              |
| Fee  | -                     | -            |
| Others   | -                     | -            |
|  | <u>(1,350,000.00)</u> | <u>-</u>     |
| Balance carried forward  | <u>-</u>              | <u>-</u>     |

17. Education Bureau reserve

|                                    | 2010<br>HK\$        | 2009<br>HK\$       |
|------------------------------------|---------------------|--------------------|
| Balance brought forward            | (18,748.09)         | 104,505.19         |
| Transfer to general fund (note 10) | (578,592.10)        | (123,253.28)       |
| Balance carried forward            | <u>(597,340.19)</u> | <u>(18,748.09)</u> |

CHRISTIAN FAMILY SERVICE CENTRE  
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FOR THE YEAR ENDED 31 MARCH, 2010

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

|   | 2010<br>HK\$          | 2009<br>HK\$        |
|---|-----------------------|---------------------|
| Balance brought forward                         | 1,281,488.86          | 1,153,623.53        |
| Add: Block Grant received                       | 2,187,100.00          | 892,000.00          |
| Interest income received                        | 165.56                | 3,312.74            |
|   | <u>3,468,754.42</u>   | <u>2,048,936.27</u> |
| Less: Expenditure during the year               |                       |                     |
| Minor Works Projects                            | (851,011.62)          | (312,608.60)        |
| Furniture and Equipment                         | (1,019,520.10)        | (286,862.81)        |
| Vehicle Overhauling                             | (133,212.20)          | (167,976.00)        |
|   | <u>(2,003,743.92)</u> | <u>(767,447.41)</u> |
| Transfer to Special One-off Block Grant reserve | (73,590.00)           | -                   |
| Balance carried forward                         | <u>1,391,420.50</u>   | <u>1,281,488.86</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 :-

|   | 2010<br>HK\$     | 2009<br>HK\$ |
|---|------------------|--------------|
| Contracted for but not provided in the financial statements | 41,500.00        | -            |
| Authorised but not contracted for                           | -                | -            |
|   | <u>41,500.00</u> | <u>-</u>     |

CHRISTIAN FAMILY SERVICE CENTRE  
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**19. Special One-off Block Grant reserve**

|  | 2010<br>HK\$   | 2009<br>HK\$ |
|--|----------------|--------------|
| Balance brought forward  | -              | -            |
| Add: Special One-off Block Grant received                                | 1,458,100.00   | -            |
| Interest income received   | -              | -            |
| Other income   | -              | -            |
|  | 1,458,100.00   | -            |
| Less: Expenditure during the year  |                |              |
| Minor Works Projects   | (1,531,690.00) | -            |
|  | 73,590.00      | -            |
| Transfer from F & E Replenishment and<br>Minor Works Block Grant reserve | 73,590.00      | -            |
| Balance carried forward  | -              | -            |

**20. Specific funds**

|   | 2010<br>HK\$  | 2009<br>HK\$  |
|---|---------------|---------------|
| <b>(a) CFSC Designated Fund -</b>           |               |               |
| Balance brought forward                     | 29,856,244.15 | 25,788,574.19 |
| Add: Receipts                               | 683,449.80    | 555,103.92    |
| Transfer from general fund (note 10)        | 3,783,021.74  | 3,778,277.39  |
|   | 34,322,715.69 | 30,121,955.50 |
| Less: Payments                              | (691,434.77)  | (153,956.35)  |
|   | 33,631,280.92 | 29,967,999.15 |
| Reversal of depreciation                    | 229,224.82    | (111,755.00)  |
| Balance carried forward                     | 33,860,505.74 | 29,856,244.15 |
| <b>(b) Lai Chi Centre Designated Fund -</b> |               |               |
| Balance brought forward                     | 138,281.37    | 148,427.14    |
| Add: Receipts                               | 2,323.62      | 4,401.63      |
|   | 140,604.99    | 152,828.77    |
| Less: Payments                              | (10,057.90)   | (14,547.40)   |
| Balance carried forward                     | 130,547.09    | 138,281.37    |
| <b>(c) Cottage Repair Fund -</b>            |               |               |
| Balance brought forward and carried forward | 12,781,151.85 | 12,781,151.85 |

CHRISTIAN FAMILY SERVICE CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
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20. Specific funds (continued)

|  | 2010<br>HK\$   | 2009<br>HK\$   |
|--|----------------|----------------|
| <b>(d)</b> CFSC Development Fund -                   |                |                |
| Balance brought forward                              | 3,869,320.74   | 3,485,597.51   |
| Add : Receipts                                       | 2,564,286.42   | 2,211,730.70   |
|  | 6,433,607.16   | 5,697,328.21   |
| Less : Payments                                      | (3,976,131.57) | (1,699,589.72) |
|  | 2,457,475.59   | 3,997,738.49   |
| Reversal of depreciation                             | 63,715.03      | (128,417.75)   |
| Balance carried forward                              | 2,521,190.62   | 3,869,320.74   |
| <b>(e)</b> Flag Day Fund -                           |                |                |
| Balance brought forward                              | 6,923,026.60   | 6,973,469.44   |
| Add : Receipts                                       | 14,751.56      | 13,298.96      |
|  | 6,937,778.16   | 6,986,768.40   |
| Less : Payments                                      | (148,929.20)   | (21,611.20)    |
|  | 6,788,848.96   | 6,965,157.20   |
| Reversal of depreciation                             | 10,742.14      | (42,130.60)    |
| Balance carried forward                              | 6,799,591.10   | 6,923,026.60   |
| <b>(f)</b> Anti-poverty project for youngster fund - |                |                |
| Balance brought forward                              | 243,974.57     | 192,370.26     |
| Transfer from general fund (Note 10)                 | 90,613.15      | 185,307.01     |
|  | 334,587.72     | 377,677.27     |
| Less : Payments                                      | (140,833.30)   | (133,702.70)   |
| Balance carried forward                              | 193,754.42     | 243,974.57     |
| <b>(g)</b> CFSC Building Redevelopment Fund -        |                |                |
| Balance brought forward and carried forward          | 130,085.86     | 130,085.86     |
| <b>(h)</b> Yam Pak Charitable Foundation -           |                |                |
| Balance brought forward                              | 614,378.64     | 613,245.79     |
| Add : Receipts                                       | 61.60          | 1,132.85       |
| Balance carried forward                              | 614,440.24     | 614,378.64     |

**CHRISTIAN FAMILY SERVICE CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2010**

**20. Specific funds (continued)**

|   | 2010<br>HK\$         | 2009<br>HK\$         |
|---|----------------------|----------------------|
| <b>(i) HKJC Charities Trust (Others) -</b>    |                      |                      |
| Balance brought forward                       | (911,944.00)         | (255,773.00)         |
| Add : Receipts                                | 1,267,272.00         | -                    |
|   | 355,328.00           | (255,773.00)         |
| Less : Payments                               | (355,328.00)         | (656,171.00)         |
| Balance carried forward                       | -                    | (911,944.00)         |
| <b>(j) S.K. Yee Medical Foundation</b>        |                      |                      |
| Balance brought forward                       | 75,386.00            | 331,465.00           |
| Add : Receipts                                | 288,580.00           | 53,544.50            |
|   | 363,966.00           | 385,009.50           |
| Less : Payments                               | (362,226.00)         | (309,623.50)         |
| Balance carried forward                       | 1,740.00             | 75,386.00            |
| <b>(k) After School Learning – EB (07/08)</b> |                      |                      |
| Balance brought forward                       | 5,259.60             | 4,814.60             |
| Add : Receipts                                | -                    | 7,927.00             |
| Less : Payments                               | (5,259.60)           | (7,482.00)           |
| Balance carried forward                       | -                    | 5,259.60             |
| <b>(l) After School Learning – EB (08/09)</b> |                      |                      |
| Balance brought forward                       | 20,973.10            | -                    |
| Add : Receipts                                | 16,041.00            | 64,170.00            |
| Less : Payments                               | (25,375.31)          | (43,196.90)          |
| Balance carried forward                       | 11,638.79            | 20,973.10            |
| <b>(m) After School Learning – EB (09/10)</b> |                      |                      |
| Balance brought forward                       | -                    | -                    |
| Add : Receipts                                | 80,644.00            | -                    |
| Less : Payments                               | (54,984.30)          | -                    |
| Balance carried forward                       | 25,659.70            | -                    |
| <b>(n) The Community Chest</b>                |                      |                      |
| Add : Receipts                                | -                    | 542,127.00           |
| Less : Payments                               | -                    | (542,127.00)         |
| Balance carried forward                       | -                    | -                    |
| <b>Total</b>                                  | <b>57,070,305.41</b> | <b>53,746,138.48</b> |

CHRISTIAN FAMILY SERVICE CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
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**21. Operating lease commitments**

The Centre 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, 2010 the Centre had total future minimum lease payments under non-cancellable operating leases falling due as follows:

|   | 2010<br>HK\$  | 2009<br>HK\$ |
|---|---------------|--------------|
| Within one year                         | 5,002,209.00  | 5,027,952.00 |
| In the second to fifth years, inclusive | 10,373,412.00 | -            |
|   | 15,375,621.00 | 5,027,952.00 |

**22. Key management personnel compensation**

The key management personnel of the Centre are the directors and the details of the directors' remuneration are included in note 6 to the financial statements.

**23. Financial risk management objectives and policies**

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

**Equity price risk**

The Centre's available-for-sale investments are measured at fair value at the end of each reporting period. Therefore, the Centre 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 Centre's reserves and funds would increase/decrease by approximately HK\$2,410,909.26 (2009: HK\$997,419.11).

**Currency risk**

The Centre 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 United States dollars ("USD"). As the United States Dollars is pegged to the Hong Kong dollar, the Company considers the risk of movements in exchange rates between the USD and the HKD to be insignificant.



CHRISTIAN FAMILY SERVICE CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**23. Financial risk management objectives and policies (continued)**

**Currency risk (continued)**

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

|                                | USD           |               |
|--------------------------------|---------------|---------------|
|                                | 2010<br>HK\$  | 2009<br>HK\$  |
| <b>Assets</b>                  |               |               |
| Available-for-sale investments | 38,984,975.24 | 19,948,382.22 |
| Cash and cash equivalents      | 15,511,497.69 | 45,969,905.63 |

**Liquidity risk**

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

|                             | Carrying<br>amount<br>HK\$ | Total contractual<br>undiscounted<br>cash flow<br>HK\$ | Less than<br>1 year<br>HK\$ |
|-----------------------------|----------------------------|--|-----------------------------|
| <b>At 31 March, 2010</b>    |                            |  |                             |
| Accruals and other payables | 12,512,075.85              | 12,512,075.85  | 12,512,075.85               |
| <b>At 31 March, 2009</b>    |                            |  |                             |
| Accruals and other payables | 10,509,850.42              | 10,509,850.42  | 10,509,850.42               |

**24. Management on various funds**

The Centre's funds accounts consist of General fund, SWD subvention fund account, SWD Lump Sum Grant reserve, SWD provident fund reserve, SWD one-off subsidy, Education Bureau reserve, F & E Replenishment and Minor Works Block Grant reserve and specific funds, which are set up for various designated purposes as described in notes 10 to 20. It is the Centre's objective to maintain sufficient reserves and funds to safeguard the Centre's ability to continue as a going concern and to support its current and future operating expenditure requirements.

**25. Contingent liabilities**

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

|  | 2010<br>HK\$ | 2009<br>HK\$ |
|--|--------------|--------------|
| Staff long service payments not covered by MPF and ORSO Scheme | 3,335,154.92 | 4,711,050.00 |