



Audited Financial Statements



Annual Financial Report and Annual Financial Report of Lump Sum Grant can be downloaded from CFSC's website www.cfsc.org.hk



The Annual Financial Report (Lump Sum Grant)



The Annual Financial Report



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

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Christian Family Service Centre (the "Centre") and its subsidiary ("the Group") set out on pages 9 to 42, which comprise the consolidated statement of financial position as at 31 March, 2023, and the consolidated income and expenditure account, the consolidated statement of cash flows and the consolidated statement of changes in reserves and funds for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Centre and its subsidiary as at 31 March, 2023, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance, the "Lump Sum Grant Manual", the "Guide to Social Welfare Subventions" and compiled with the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Community Care Fund Programme, the Lotteries Fund Manual and other instructions issued by the Director of Social Welfare.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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**

(incorporated in Hong Kong and limited by guarantee)

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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**

(incorporated in Hong Kong and limited by guarantee)

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

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



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

Hong Kong, 15 September, 2023

CHRISTIAN FAMILY SERVICE CENTRE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2023

	Note	2023 HK\$	2022 HK\$
Income			
Social Welfare Department subvention		660,749,464.35	702,766,010.13
Government Subvention (non-social welfare department)		95,475,074.68	72,351,561.94
Community Chest Allocation		10,814,649.84	8,727,905.80
Hong Kong Jockey Club Charities Trust subvention		47,696,931.94	35,618,584.72
Other project grants		34,108,793.11	30,026,660.07
Fee income		65,276,269.47	63,905,303.72
Programme income		34,566,042.54	37,284,499.67
Donations		3,614,430.17	2,670,257.91
Bank interest income		1,623,366.92	183,808.36
Investment income	4	(636,359.89)	1,352,848.51
Other income		7,034,763.83	8,200,320.34
Total income		960,323,426.96	963,087,761.17
Deduct :			
Expenditures			
Personal emoluments		636,276,549.91	579,442,011.07
Staff incentive and allowance		23,333,377.19	22,774,048.22
Staff benefits and training		8,279,713.01	6,052,557.17
Administrative expenses		7,714,314.91	7,945,300.39
Finance charges		496,467.12	203,728.77
Utilities expenses		11,769,683.12	10,263,318.48
Stores and equipment		79,091,635.12	69,559,093.52
Insurance premium for office		8,892,255.06	8,715,528.92
Publicity and promotion expenses		2,910,869.03	933,906.91
Programme expenses		29,463,501.92	23,427,930.86
Hire of services		58,563,132.00	51,910,481.62
Transportation and travelling		9,458,764.59	8,571,553.63
Food for clients		12,965,844.07	12,359,763.53
Incentive payment for clients		4,946,252.28	4,519,471.52
Clients' medical care and supplies		11,780,626.60	10,529,138.06
Insurance premium for clients		256,298.66	268,237.97
Rent and rates		28,839,617.19	27,962,065.39
Miscellaneous		13,436,241.28	6,742,873.80
Total expenditures		948,475,143.06	852,181,009.83
Surplus before fair value changes of financial assets		11,848,283.90	110,906,751.34

CHRISTIAN FAMILY SERVICE CENTRE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2023

	Note	2023 HK\$	2022 HK\$
Fair value loss on financial assets		(2,558,887.45)	(1,031,869.53)
Surplus for the year		9,289,396.45	109,874,881.81
Transferring from/(to):			
- Restricted reserves		(5,924,414.73)	(111,688,612.28)
- Designated reserves		981,566.56	(2,983,502.35)
- Unrestricted reserves		(670,983.00)	1,820,363.36
Surplus/(Deficit) transferred to General fund		3,675,565.28	(2,976,869.46)

CHRISTIAN FAMILY SERVICE CENTRE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2023**

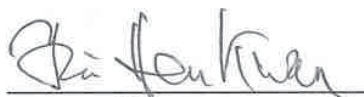
	Note	2023 HK\$	2022 HK\$
Non-current assets			
Property, plant and equipment	7	145,437,556.17	146,349,185.85
Financial assets at fair value	9	75,976,315.34	75,534,056.55
		221,413,871.51	221,883,242.40
Current assets			
Other receivables, deposits and prepayments	10	67,131,802.42	40,959,730.93
Pledged deposits	11	28,052,823.58	26,876,216.03
Cash and bank balances	11	240,183,124.42	269,130,100.21
		335,367,750.42	336,966,047.17
Current liabilities			
Accruals and other payables	12	43,370,471.39	29,988,858.48
Deferred income		67,841,861.98	48,220,773.39
Bank borrowings	12	15,000,000.00	15,000,000.00
		126,212,333.37	93,209,631.87
Net current assets		209,155,417.05	243,756,415.30
Total assets less current liabilities		430,569,288.56	465,639,657.70
Non-current liabilities			
Deferred income		54,365,258.93	75,182,243.00
Net assets		376,204,029.63	390,457,414.70

CHRISTIAN FAMILY SERVICE CENTRE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2023

	Note	2023 HK\$	2022 HK\$
Representing: -			
General fund			
- Accumulated surplus	13	41,075,170.66	37,411,772.15
Restricted reserves			
- SWD Lump Sum Grant reserve	14	157,167,683.22	176,082,749.89
- SWD Provident Fund reserve	15	41,199,937.37	35,832,854.59
- Other restricted reserves	16	39,778,943.35	51,081,195.47
Capital project and restricted funds	25	2,876,586.95	1,644,517.43
Designated reserves	29	20,837,032.09	21,510,417.55
Unrestricted reserves	30	73,268,675.99	66,893,907.62
Total reserves and funds		376,204,029.63	390,457,414.70

The consolidated financial statements were approved and authorised for issue by the Board on 15 September, 2023 and are signed on its behalf by:



Chairman, Kwan Yui Huen, Alex



Hon. Treasurer, Chow Siu Ngor



Chief Executive, Leung Siu Ling

CHRISTIAN FAMILY SERVICE CENTRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2023

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

	The Centre	
	2023 HK\$	2022 HK\$
Non-current assets		
Property, plant and equipment	144,935,078.72	145,551,274.81
Financial assets at fair value	75,976,315.34	75,534,056.55
	<u>220,911,394.06</u>	<u>221,085,331.36</u>
Current assets		
Other receivables, deposits and prepayments	62,798,676.12	37,947,407.83
Amount due from a subsidiary	-	271,915.28
Pledged deposits	28,052,823.58	26,876,216.03
Cash and bank balances	235,303,381.44	266,546,795.33
	<u>326,154,881.14</u>	<u>331,642,334.47</u>
Current liabilities		
Accruals and other payables	42,084,481.55	29,861,414.41
Amount due to a subsidiary	289,574.58	-
Deferred income	67,661,576.79	47,841,369.20
Bank borrowings	15,000,000.00	15,000,000.00
	<u>125,035,632.92</u>	<u>92,702,783.61</u>
Net current assets	<u>201,119,248.22</u>	<u>238,939,550.86</u>
Total assets less current liabilities	<u>422,030,642.28</u>	<u>460,024,882.22</u>
Non-current liabilities		
Deferred income	54,120,588.57	74,846,362.17
Net assets	<u>367,910,053.71</u>	<u>385,178,520.05</u>

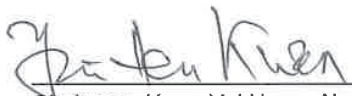
CHRISTIAN FAMILY SERVICE CENTRE


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2023

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

	Note	The Centre	
		2023 HK\$	2022 HK\$
Representing: -			
General fund			
- Accumulated surplus	13	41,075,170.66	37,411,772.15
Restricted reserves			
- SWD Lump Sum Grant reserve	14	157,167,683.22	176,082,749.89
- SWD Provident Fund reserve	15	41,199,937.37	35,832,854.59
- Other restricted reserves	34(a)	40,231,964.96	51,462,474.08
Capital project and restricted funds	25	2,876,586.95	1,644,517.43
Designated reserves	34(b)	21,584,432.09	22,160,497.55
Unrestricted reserves	34(c)	63,774,278.46	60,583,654.36
Total reserves and funds		367,910,053.71	385,178,520.05

Approved by the Board on 15 September, 2023


Chairman, Kwan Yui Huen, Alex


Hon. Treasurer, Chow Siu Ngor


Chief Executive, Leung Siu Ling

The financial statements as presented on page 110 to 115 are extracted from the specified financial statements of the Centre for the year ended 31 March 2023, and should be read in conjunction with notes of the financial statements which are not presented here. In accordance with the Companies Ordinance Section 436(2), the auditor's report on the financial statements is accompanied here on page 107 to 109.

Financial Report

Chart On Income Resources

Annual Income in 2022-2023

HK\$960,323,426.96

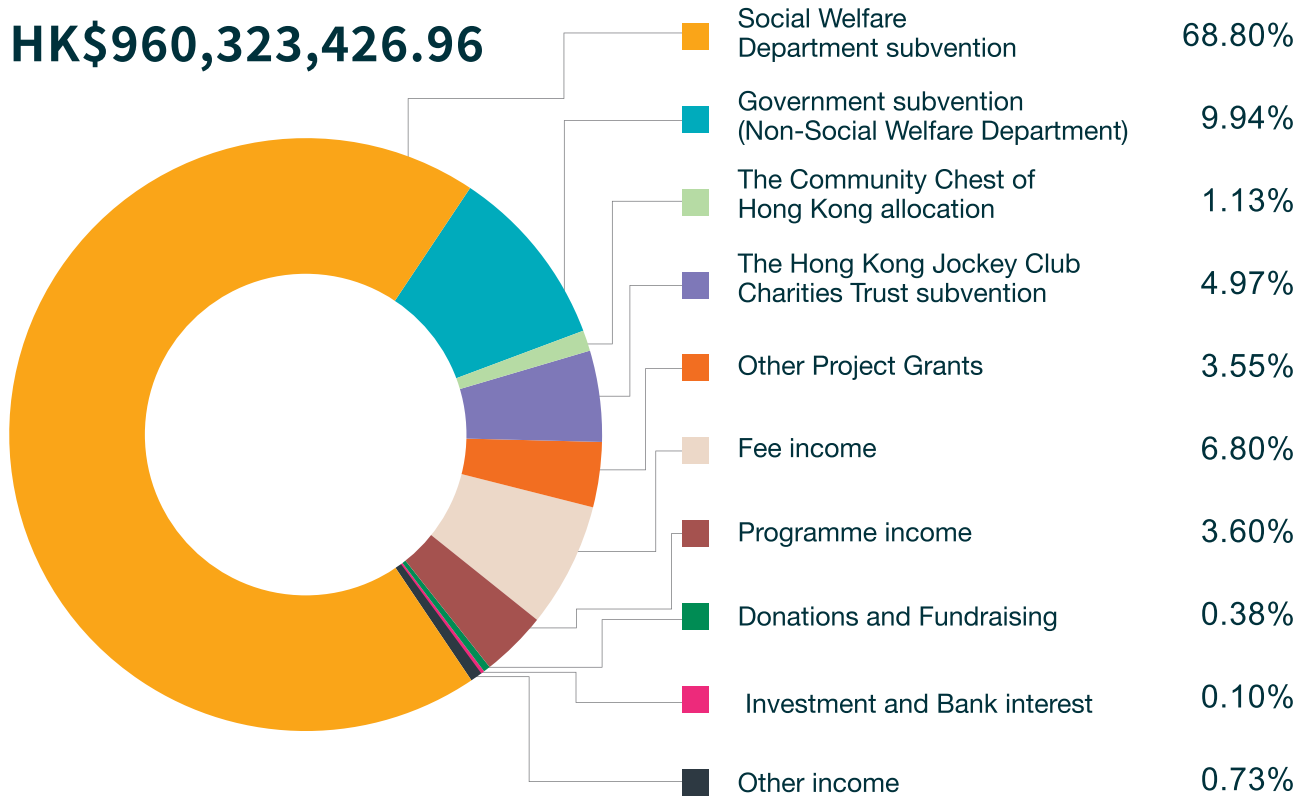


Chart On Expenditure

Annual Expenditure in 2022-2023

HK\$948,475,143.06

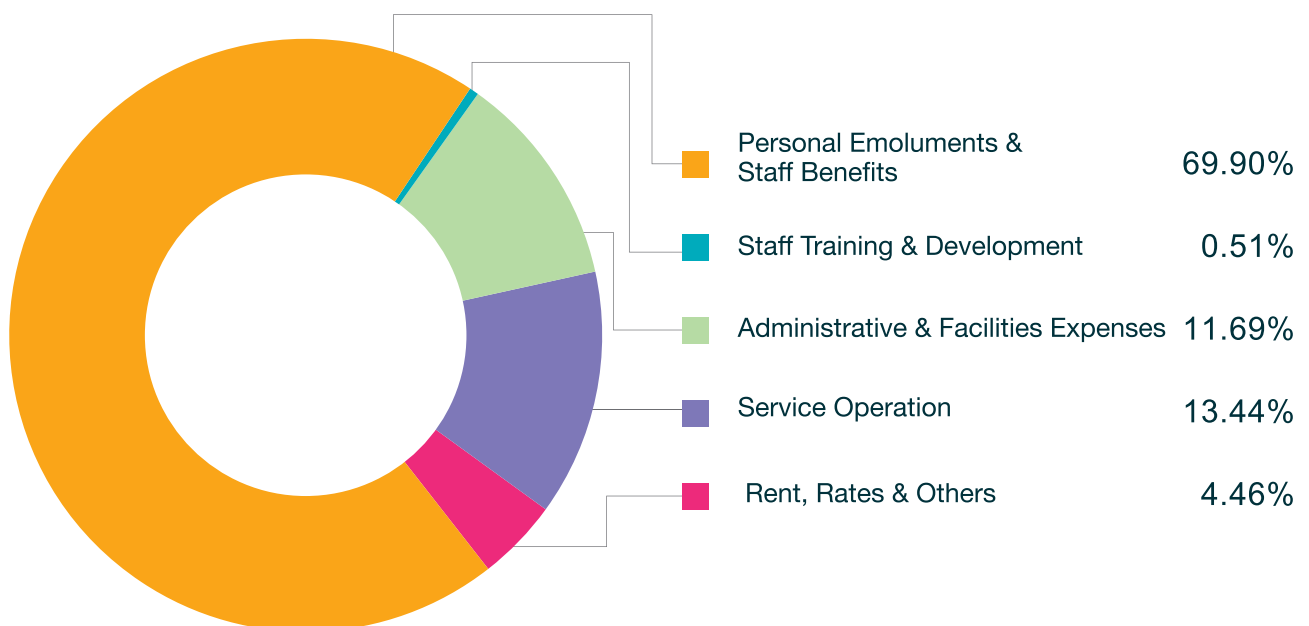
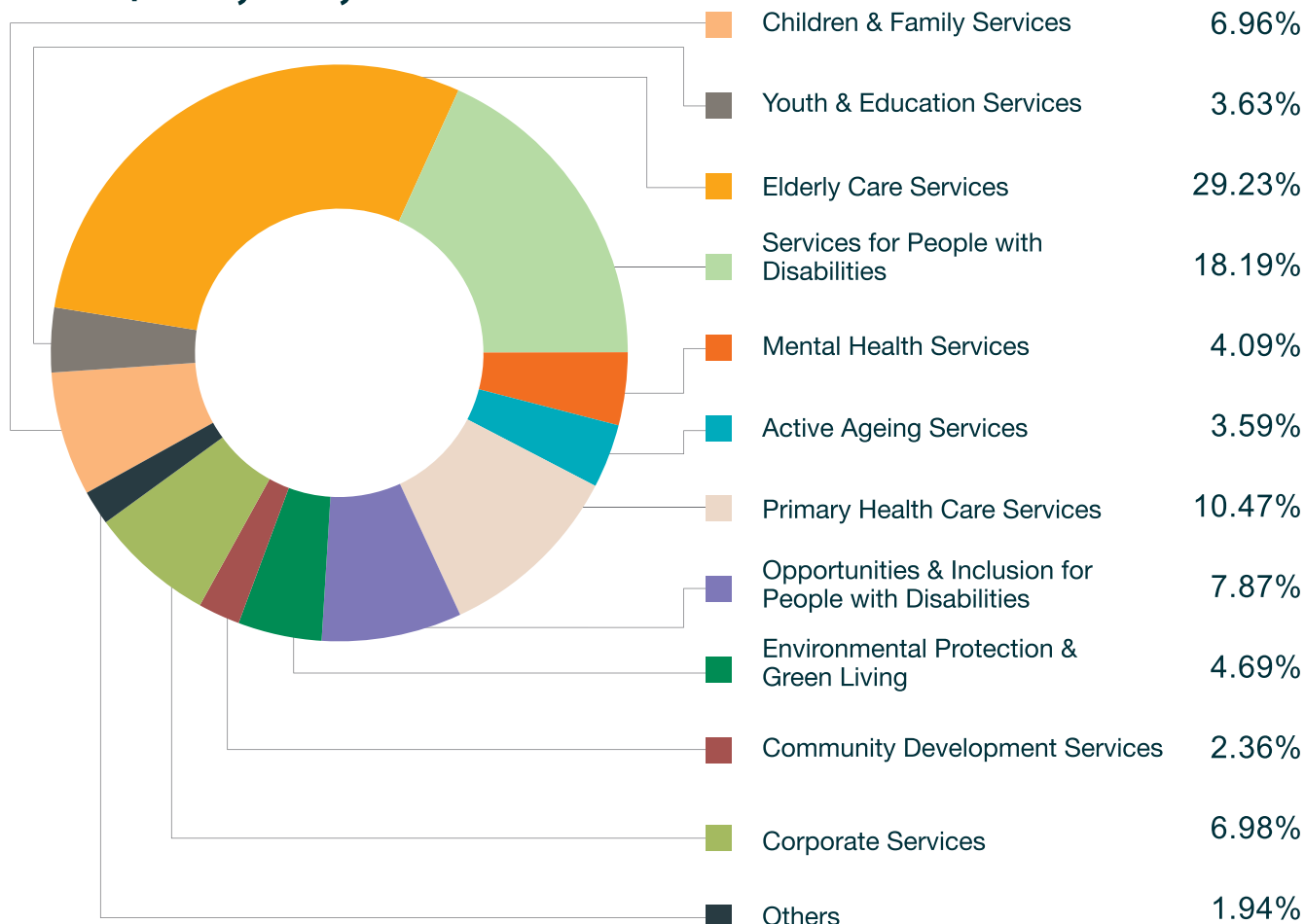


Chart On Expenditure For Core Services

Annual Expenditure in 2022-2023

HK\$948,475,143.06



Management of the LSG Reserve and Future Plan in 2022-2023:

According to the Agency's policy, the Lump Sum Grant (LSG) reserve will be used to honour the contractual commitment made to our snapshot staff, as a reserve for the possible deficit in the LSG operations, and to support the strategic development of our services. At the end of March 2023, we recorded a loss of HK\$1,600,177 for the LSG service operations in 2022-2023, which has been covered by the LSG reserve. The cumulative LSG reserve (excluding the Provident Fund reserve, Holding Account, rent and rates, and the Central Item reserves) was HK\$125,772,864, accounting for 21.97% of the total LSG operating expenses in 2022-2023.

In 2022-2023, the Agency allocated HK\$1,906,814 from the LSG reserve to support the strategic development of our services. The fund was earmarked to provide key staff training in the professional competencies related to our core services, conduct preliminary consultations and feasibility studies on the application of information technology, update our websites and information technology systems, allocate additional resources to encourage new service initiatives, and undertake various maintenance projects to improve the environmental and service quality of the Agency.

For the next two years (2023-2024 and 2024-2025), the Agency has budgeted around HK\$16.9 million from the reserve for the continued implementation of strategic development initiatives. From this budget, HK\$5.2 million will be designated to support the ongoing professional training of staff; HK\$1.8 million will be set aside for service impact studies; HK\$0.9 million will be used to improve the websites run by our service units; HK\$4 million will be allocated for the improvement and promotion of services; HK\$3.2 million will be directed towards developing and enhancing our information technology systems; HK\$0.5 million will be channelled towards the development of human resources; and HK\$1.3 million will be dedicated to minor maintenance works.

Management of the Provident Fund Reserve for Non-Snapshot Staff in 2022-2023 and Future Plan:

Starting from January 2017, the Agency has implemented an amendment to its employer contribution rates under the Mandatory Provident Fund (MPF) scheme. For new employees joining the organisation, the employer contribution is set at 5% of their total salary. This percentage will increase to 6% after six years of service, then to 7% after seven years of service and so on, until it reaches the maximum rate of 10% for employees who have completed ten years of service. As of the end of March 2023, the cumulative Provident Fund reserve for our non-snapshot staff totalled HK\$40,684,782.

2022-2023 Annual Financial Report (Lump Sum Grant) :

The 2022-2023 Annual Financial Report (Lump Sum Grant) has been published on CFSC's website for public viewing. You can access the report via the following link: www.cfsc.org.hk

