

**The Association of Evangelical Free  
Churches of Hong Kong  
(Social Services)**

**Audited Accounts for the year ended 31st March 2015**

**Contents**

	Page
Auditor's Certification	
Income and Expenditure Account	1 - 3
Balance Sheet	4
Notes to the Accounts	5 - 10

**Lau Wah Ching**  
**Certified Public Accountant (Practising)**



LAU WAH CHING  
CERTIFIED PUBLIC ACCOUNTANT  
Room 6, 16/F, Enterprise Square 3,  
39 Wang Chiu Road, Kowloon Bay, Hong Kong.  
Tel.: 98687900 Fax : 26667355

## Auditor's Certification

To the Members of  
The Association of Evangelical Free Churches of Hong Kong  
("Association")

I have audited the financial statements on pages 1 to 10 which comprise the balance sheet as at 31 March 2015, and the statement of income and expenditure for the year then ended, and a summary of significant accounting policies and other explanatory information.

Respective responsibilities of the governing council and auditor

The Association's executive committee is responsible for preparing financial statements which give a true and fair view in accordance with the Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the executive committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

My responsibility is to express an opinion, based on my audit, on these financial statements and to report my opinion solely to you, as a body and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Basis of opinion

I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

EFCC - 2015

---

**Principal: Lau Wah Ching,**  
BA, MBA, FCCA, CICPA, CMA, CPA(Practising)



LAU WAH CHING  
CERTIFIED PUBLIC ACCOUNTANT  
Room 6, 16/F, Enterprise Square 3,  
39 Wang Chiu Road, Kowloon Bay, Hong Kong.  
Tel.: 98687900 Fax : 26667355

the reasonableness of accounting estimates made by the executive committee members, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

### **Opinion**

In my opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its deficit for the year then ended in accordance with the Hong Kong Financial Reporting Standards for Private Entities.

Lau Wah Ching  
Certified Public Accountant (Practising)  
Practising Certificate No. P01217

Hong Kong  
14 October 2015

EFCC - 2015

---

**Principal: Lau Wah Ching,**  
BA, MBA, FCCA, CICPA, CMA, CPA(Practising)

**The Association of Evangelical Free Churches of Hong Kong (Social Services)**  
**OPERATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE PERIOD FROM 1ST APRIL 2014 TO 31ST MARCH 2015**

	Note	2015		2014	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
<b>INCOME</b>					
Social Welfare subvention		10,550,300.00	0.00	8,544,687.00	0.00
Subvention for Subsidy Scheme- Extended Hours Service		18,720.00	0.00	18,720.00	0.00
Subvention for Subsidy Scheme- Occasional Child Care Service		42,400.00	0.00	0.00	0.00
Subvention for Training Subsidy Scheme- Integrated Program		0.00	0.00	60,000.00	0.00
Subvention for Training Subsidy Scheme- Standalone Child Care Centre		0.00	0.00	0.00	0.00
Subvention for Program Assistant		184,759.00	0.00	275,617.00	0.00
Subvention for Program Worker		0.00	0.00	307,584.00	0.00
Subvention for Rent		557,094.00	664,210.88	470,172.00	649,854.60
Subvention for Rates		107,867.00	62,274.55	88,710.00	78,021.60
Subvention for Government Rent		79,343.00	10,368.00	59,294.00	6,840.00
Subvention for Cleaning Service		0.00	0.00	0.00	0.00
Occasional Child Care Service income		30,243.20	0.00	69,571.30	0.00
Extended Hours Service income		17,940.00	0.00	28,568.00	0.00
Membership fee		77,987.00	44,158.00	62,853.00	46,329.00
Membership fee of Social Service Management Board		20,000.00	0.00	20,000.00	0.00
Programme income		2,269,519.10	3,846,240.70	2,202,855.81	3,819,556.70
Income from selling flag		0.00	0.00	1,816,853.70	0.00
<b>Other Income</b>					
(a) Bank interest		154.99	89.08	159.46	71.06
(b) Church contributions		89,915.77	786,379.18	82,935.50	767,214.65
(c) Donations by EFCC		220,000.00	0.00	220,000.00	0.00
(d) Donations for EFCC Elderly Service		410,000.00	0.00	340,000.00	0.00
(e) Subsidy by Elderly Service		30,000.00	0.00	30,000.00	0.00
(f) Subsidy by Nursery School		240,000.00	0.00	240,000.00	0.00
(g) Other donations		211,594.09	494,638.15	118,875.12	339,887.90
(h) Designated Funds		0.00	0.00	1,000.00	47,158.49
(i) District Council Fund		0.00	30,201.20	0.00	0.00
(j) The Community Chest-45th Anniversary Fund Project		304,132.70	0.00	0.00	0.00
(k) Shih Wing Ching Foundation		0.00	0.00	0.00	0.00
(l) The Sir Robert Ho Tung Charitable Fund		41,000.00	28,500.00	0.00	0.00
(m) Environment and Conservation Fund		0.00	98,910.00	0.00	0.00
(n) BOCHK Caring HK-A Heart Warming Campaign		0.00	0.00	630,553.09	0.00
(o) The Board of Management of The Chinese Permanent Cemeteries Fund	8	0.00	0.00	0.00	162,353.00
(p) SWD-Opportunities for the Elderly Project income		0.00	16,075.70	0.00	0.00
(q) 蘋果日報慈善基金撥款		0.00	12,134.30	0.00	0.00
(r) Income of service provided		60,504.68	27,501.30	66,450.30	191,277.33
(s) Sundry income		12,308.80	30,733.80	120,089.11	25,297.00
<b>TOTAL INCOME</b>		<b>15,575,783.33</b>	<b>6,152,414.84</b>	<b>15,875,548.39</b>	<b>6,133,861.33</b>
<b>EXPENDITURE:</b>					
<b>Personal Emoluments:</b>					
Staff salaries		7,050,785.31	3,213,586.52	6,066,382.25	3,189,932.99
Relief worker		15,075.00	0.00	10,960.00	0.00
Salary for Program Assistants		163,440.00	0.00	245,160.00	0.00
Salary for Program Worker		0.00	0.00	283,293.55	0.00
Salary for Integrated Program staff		2,080,967.04	0.00	2,197,981.00	0.00
Mandatory Provident Fund		405,809.04	165,448.73	375,494.65	168,115.66
Provident Fund		181,188.00	0.00	187,152.75	0.00
Mandatory Provident Fund for Program Assistants		8,172.00	0.00	12,258.00	0.00
Mandatory Provident Fund for Program Worker		0.00	0.00	14,164.68	0.00
Less : Forfeiture of employer's contributions		0.00	0.00	0.00	0.00
Other statutory payment		0.00	0.00	0.00	0.00
<b>Total Personal Emoluments</b>		<b>9,905,436.39</b>	<b>3,379,035.25</b>	<b>9,392,846.88</b>	<b>3,358,048.65</b>

**The Association of Evangelical Free Churches of Hong Kong (Social Services)**  
**OPERATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE PERIOD FROM 1ST APRIL 2014 TO 31ST MARCH 2015**

	Note	2015		2014	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
<b>Other Charges</b>					
<b>Utilities</b>					
Electricity		154,466.68	141,240.14	146,398.52	138,774.78
Water & Sewage charge		2,567.30	1,584.30	2,807.30	1,367.60
<b>Sub-total</b>		<b>157,033.98</b>	<b>142,824.44</b>	<b>149,205.82</b>	<b>140,142.38</b>
<b>Administrative Expenses</b>					
Postage		3,543.40	32,465.50	9,254.90	19,389.50
Advertisement for staff recruitment		5,964.00	4,260.00	4,310.00	1,704.00
Advertising of publicity		0.00	0.00	5,400.00	0.00
Audit fee		10,000.00	15,200.00	11,000.00	12,700.00
Audit fee for ORSO		142.60	0.00	143.20	0.00
Accountancy service		0.00	2,500.00	0.00	0.00
Telephone and Fax line		18,427.11	16,236.00	18,712.00	16,020.00
Internet service charge		10,534.00	9,943.00	11,162.00	9,955.00
Website and Server service charge		19,800.00	1,352.00	19,800.00	874.00
Bank charge for autopayment		628.00	0.00	600.00	0.00
P.Fund management charge		0.00	0.00	0.00	0.00
Staff medical check charge		1,750.00	600.00	860.00	0.00
Sexual Conviction Record Check		0.00	0.00	0.00	115.00
Cleaning service expenses		1,137.00	11,200.00	590.00	16,000.00
Depreciation		0.00	0.00	0.00	0.00
<b>Sub-total</b>		<b>71,926.11</b>	<b>93,756.50</b>	<b>81,832.10</b>	<b>76,757.50</b>
<b>Food</b>					
Food for children		11,826.33	0.00	23,663.25	0.00
<b>Sub-total</b>		<b>11,826.33</b>	<b>0.00</b>	<b>23,663.25</b>	<b>0.00</b>
<b>Stores and Equipment</b>					
Cleaning material		25,685.56	18,635.30	30,893.65	15,937.10
Printing charge		35,647.50	15,572.53	55,995.75	21,899.57
Printing of Flag		0.00	0.00	10,900.00	0.00
Rental of photocopying machine		23,100.00	32,438.95	22,370.00	30,988.70
Stationery		18,480.85	12,831.10	17,132.60	10,800.10
Computer (hardware/software)		38,565.50	1,265.00	44,098.00	50,654.00
Minor purchases		46,096.90	95,689.30	55,440.80	66,920.52
Teaching Consumable		49,343.20	0.00	69,085.65	0.00
Newspapers and Periodicals		37,279.95	18,654.00	35,271.50	18,774.00
Souvenirs for Volunteers		0.00	0.00	7,000.00	0.00
Repair and Maintenance		38,834.00	105,175.90	52,697.00	116,919.80
Repair of Money Collection		0.00	0.00	4,159.00	0.00
<b>Sub-total</b>		<b>313,033.46</b>	<b>300,262.08</b>	<b>405,043.95</b>	<b>332,893.79</b>
<b>Programme Expenses</b>					
Programme expenses		2,245,020.11	2,513,724.90	2,263,483.00	2,673,250.76
<b>Sub-total</b>		<b>2,245,020.11</b>	<b>2,513,724.90</b>	<b>2,263,483.00</b>	<b>2,673,250.76</b>
<b>Transportation and Travelling</b>					
Vehicle Expenses					
(a) Vehicle licence		0.00	0.00	0.00	0.00
(b) Third party insurance		0.00	0.00	0.00	0.00
Other travelling expenses for flag day		0.00	0.00	31,194.80	0.00
Other travelling expenses		11,104.20	5,841.90	9,098.10	5,072.60
<b>Sub-total</b>		<b>11,104.20</b>	<b>5,841.90</b>	<b>40,292.90</b>	<b>5,072.60</b>
<b>Insurance Premium</b>					
Employee's compensation		40,261.67	16,303.94	38,131.74	9,843.22
Public liability		4,574.45	1,755.23	4,095.36	2,505.54
Group Personal Accident		7,500.00	2,500.00	2,850.00	950.00
Others		18,199.91	4,965.00	16,542.00	9,228.50
<b>Sub-total</b>		<b>70,536.03</b>	<b>25,524.17</b>	<b>61,619.10</b>	<b>22,527.26</b>

**The Association of Evangelical Free Churches of Hong Kong (Social Services)**  
**OPERATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE PERIOD FROM 1ST APRIL 2014 TO 31ST MARCH 2015**

	Note	2015		2014	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
<b>Miscellaneous</b>					
(a) Bank charges		2,750.00	2,990.00	1,700.00	2,661.30
(b) Staff training		101,914.20	5,112.00	5,794.00	6,347.20
(c) Staff uniform		0.00	0.00	4,004.00	444.00
(d) Sundry expenses		22,384.00	22,804.30	22,860.00	19,323.48
(e) Sundry expenses-public announcement		0.00	0.00	12,000.00	0.00
(f) Staff programme		26,777.90	2,900.00	31,928.70	2,450.00
(g) Staff medical allowance		0.00	14,904.38	0.00	14,150.00
(h) Periodic fee for ORSO		171.60	0.00	171.60	0.00
(i) Training Subsidy Scheme-Integrated Program		0.00	0.00	0.00	0.00
(j) Training Subsidy Scheme- Standalone Child Care Centre		62,100.00	0.00	0.00	0.00
(k) Subsidy to EFCC Elderly Service		410,000.00	0.00	340,000.00	0.00
(l) Air-conditioning expenses		0.00	0.00	0.00	0.00
(m) Other charges for Integrated Program		0.00	0.00	0.00	0.00
(n) Designated expenses-Flag Day		0.00	0.00	1,713,802.18	0.00
(o) Designated Funds expenses		0.00	0.00	1,000.00	47,158.49
(p) District Council Fund expenses		0.00	30,201.20	0.00	0.00
(q) The Community Chest-45th Anniversary Fund Project		304,132.70	0.00	0.00	0.00
(r) Shih Wing Ching Foundation expenses		0.00	0.00	0.00	0.00
(s) The Sir Robert Ho Tung Charitable Fund expenses		41,000.00	28,500.00	0.00	0.00
(t) Environment and Conservation Fund expenses		0.00	98,910.00	0.00	0.00
(u) BOCHK Caring HK-A Heart Warming Campaign expenses		0.00	0.00	630,553.09	0.00
(v) The Board of Management of The Chinese Permanent Cemeteries Fund		0.00	0.00	0.00	0.00
(w) SWD-Opportunities for the Elderly Project income		0.00	16,075.70	0.00	0.00
(x) 蘋果日報慈善基金撥款		0.00	12,134.30	0.00	0.00
(y) Preparatory expenses		0.00	0.00	0.00	0.00
<b>Sub-total</b>		<b>971,230.40</b>	<b>234,531.88</b>	<b>2,763,813.57</b>	<b>92,534.47</b>
Subsidy Scheme for Extended Hours Service expenses		0.00	0.00	2,100.00	0.00
Subsidy Scheme for Occasional Child Care Service expenses		20,635.40	0.00	29,756.10	0.00
<b>Total Other Charges</b>		<b>3,872,346.02</b>	<b>3,316,465.87</b>	<b>5,820,809.79</b>	<b>3,343,178.76</b>
Rent		553,714.00	738,349.80	552,541.00	698,307.60
Rates		116,340.00	65,355.00	97,920.00	79,020.00
Government Rent		77,004.00	10,368.00	73,152.00	6,840.00
<b>Sub-total</b>		<b>747,058.00</b>	<b>814,072.80</b>	<b>723,613.00</b>	<b>784,167.60</b>
<b>TOTAL EXPENDITURE</b>		<b>14,524,840.41</b>	<b>7,509,573.92 (B)</b>	<b>15,937,269.67</b>	<b>7,485,395.01 (B)</b>
<b>INCOME LESS EXPENDITURE</b>					
(A) - (B)		<b>1,050,942.92</b>	<b>(1,357,159.08)</b>	<b>(61,721.28)</b>	<b>(1,351,533.68)</b>

The notes on pages 5 to 10 form part of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)  
Balance Sheet as at 31st March 2015  
(Expressed in Hong Kong Dollars)

	Note	2015		2014	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
<b>ASSETS</b>					
<u>Current Assets</u>					
Accounts receivable		1,800.00	8,399.80	21,871.23	266,724.60
Prepayments		15.20	197,433.00	9,945.20	11,390.01
Temporary payment		612,248.93	346,334.00	78,640.25	22,002.00
Utilities deposits		45,008.00	23,055.70	45,008.00	23,075.70
Stocks on hand		0.00	0.00	0.00	0.00
Cash at bank	7	13,082,242.36	1,478,115.36	10,764,854.87	1,348,709.84
Cash in hand	7	16,749.40	18,243.80	11,636.20	19,295.40
Undeposited cash		0.00	0.00	14,360.00	0.00
		<u>13,758,063.89</u>	<u>2,071,581.66</u>	<u>10,946,315.75</u>	<u>1,691,197.55</u>
<b>FUNDS EMPLOYED</b>					
<u>Current Liabilities</u>					
Loan from church		0.00	1,237,392.14	0.00	956,267.29
Bank overdraft		0.00	0.00	0.00	4,109.11
Accounts payable	4	6,370.50	25,102.70	0.00	31,508.51
Temporary receipt		5,187,170.82	482,540.00	3,022,846.65	168,138.00
Fees received in advance		124,582.00	71,537.50	155,046.00	55,171.00
Current accounts with affiliates		0.00	0.00	14,933.76	(14,933.76)
Lump Sum Grant surplus		393,255.11	0.00	0.00	0.00
Provident Fund Reserve-existing staff		213,590.46	0.00	235,116.46	0.00
Provident Fund Reserve-6.8% post & others		1,570,929.24	0.00	1,338,460.28	0.00
Rent and Rates subvention surplus		(33,737.60)	0.00	(59,190.60)	0.00
SWD subvention for Special One-Off Grant		0.00	0.00	0.00	0.00
SWD subvention for Cleaning Service		0.00	0.00	0.00	0.00
SWD subvention for Program Assistants		28,459.24	0.00	16,844.47	0.00
SWD subvention for Program Worker		10,125.77	0.00	19,617.02	0.00
SWD subvention for Subsidy Scheme- Extended Hours Service		53,460.00	0.00	33,240.00	0.00
SWD subvention for Subsidy Scheme- Occasional Child Care Service		10,198.40	0.00	(11,566.20)	0.00
Subvention for Training Subsidy Scheme- Integrated Program		138,694.00	0.00	138,694.00	0.00
Subvention for Training Subsidy Scheme- Standalone Child Care Centre		75,097.00	0.00	137,197.00	0.00
		<u>7,778,194.94</u>	<u>1,816,572.34</u>	<u>5,041,238.84</u>	<u>1,200,260.15</u>
Accumulated General Fund	5	381,074.54	(346,275.97)	334,749.14	(893,830.21)
Designated Fund - Flag Days		122,557.00	0.00	139,307.00	572,957.93
Other Designated Funds	6	5,476,237.41	601,285.29	5,431,020.77	811,809.68
		<u>13,758,063.89</u>	<u>2,071,581.66</u>	<u>10,946,315.75</u>	<u>1,691,197.55</u>

So Chun Ho  
(Chairman)

Chau Yin Ming Francis  
(Director/Chief Supervisor, Social Service Office)

The notes on pages 5 to 10 form parts of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)  
Balance Sheet as at 31st March 2015  
(Expressed in Hong Kong Dollars)

**Notes To The Accounts**

**1 General information**

The Association of Evangelical Free Churches of Hong Kong (the Association) is a charitable organization. The Association's registered office and principal place of business are located at 14/F., Cheung Lee Commercial Building, 25 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong.

**2 Basis of preparation and accounting policies**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountant. They have been prepared under the historical cost convention.

**Summary of significant accounting policies**

**(a) Revenue recognition**

Revenue is recognized in surplus of deficit provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably, as follows:

- (i) Donations received, subventions and members' subscriptions are recognised on cash basis.
- (ii) Interest income is recognized on a time basis, by reference to the principal outstanding and at the interest rate applicable.

**(b) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment comprises the following:-

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operation in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to write off the cost of assets in the year of purchase except as stipulated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



The Association of Evangelical Free Churches of Hong Kong (Social Services)  
Balance Sheet as at 31st March 2015  
(Expressed in Hong Kong Dollars)

**Notes To The Accounts**

**(c) Account receivables**

Account receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

**(d) Account payables**

Account payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

**(e) Impairment of non-financial assets**

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in surplus of deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in surplus of deficit.

**(f) Related parties**

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

- (i) A person or a close member of that person's family is related to the Association if that person:-
  - (a) is a member of the key management personnel of the Association or of a parent of the Association;
  - (b) has control over the Association; or
  - (c) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (ii) An entity is related to the Association if any of the following conditions applies:
  - (a) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
  - (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
  - (c) both entities are joint ventures of a third entity.
  - (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - (f) the entity is controlled or jointly controlled by a person identified in (i).
  - (g) a person identified in (i)(a) has significant voting power in the entity.

The Association of Evangelical Free Churches of Hong Kong (Social Services)  
Balance Sheet as at 31st March 2015  
(Expressed in Hong Kong Dollars)

**Notes To The Accounts**

**(g) Provision and contingent liabilities**

A provision is recognized for liability of uncertain timing or amount when the Association has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditure for which a provision has been recognized is charged against the related provision in the year in which the expenditure is incurred. Provision is reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditure expected to be required to settle the obligation. Where the Association expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Expense relating to a provision is presented net of the amount recognized for a reimbursement in the surplus or deficit.

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

**(h) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

**3 Basis of consolidation**

The consolidated accounts include the accounts of the following organisations of The Association of Evangelical Free Churches of Hong Kong made up to 31st March 2015:

**(A) Subvented units**

1. Social Service Office (Central Administration)
2. EFCC - Fook On Church Elderly Centre
3. EFCC - Hing Tin Wendell Memorial Church Alison Lam Elderly Centre
4. EFCC - Mei Foo Elderly Centre
5. Flag Day Fund Raising Event

**(B) Financing units**

1. EFCC - Hong Fook Church Bradbury Community Health Development Centre
2. EFCC - Choi Fook Church Neighbourhood Family Service Centre
3. EFCC - Hong Fook Church Elderly Centre
4. EFCC - Abundant Grace Church Family Activity Centre
5. EFCC - Shun On Social Service Centre
6. EFCC - Lok Yan Learning Centre

The Association of Evangelical Free Churches of Hong Kong (Social Services)  
Balance Sheet as at 31st March 2015  
(Expressed in Hong Kong Dollars)

**Notes To The Accounts**

The consolidated accounts also include the accounts of the following organisations in respect of the subvention for integrated programs, occasional child care service and extended hours child care service in nursery schools made up to 31 March 2015, which are included under "subvented units" mentioned in (A) above.

1. EFCC - Po Nga Nursery School
2. EFCC - Abundant Grace Church Abundant Grace Nursery School
3. EFCC - Verbena Nursery School
4. EFCC - Tin Yan Nursery School

**4 Accounts payable**

	2015		2014	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Accrued expenses	6,370.50	12,402.70	0.00	18,808.51
Provision for audit fees	0.00	12,700.00	0.00	12,700.00
	<u>6,370.50</u>	<u>25,102.70</u>	<u>0.00</u>	<u>31,508.51</u>

**5 Accumulated General Fund**

	2015		2014	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
At the beginning of the year	334,749.14	(893,830.21)	318,472.01	(635,358.10)
Unallocated costs in previous years	0.00	4,644.00	0.00	(160,000.00)
Social Welfare subvention surplus	(635,832.44)	0.00	360,205.13	0.00
Fund raising by Association	(200,000.00)	0.00	(94,799.92)	0.00
Transferred (to)/from Designated Fund	(168,785.08)	1,900,069.32	(187,406.80)	1,253,061.57
Surplus/(Deficit) for the year	<u>1,050,942.92</u>	<u>(1,357,159.08)</u>	<u>(61,721.28)</u>	<u>(1,351,533.68)</u>
At the end of the year	<u>381,074.54</u>	<u>(346,275.97)</u>	<u>334,749.14</u>	<u>(893,830.21)</u>

The Association of Evangelical Free Churches of Hong Kong (Social Services)  
Balance Sheet as at 31st March 2015  
(Expressed in Hong Kong Dollars)

**Notes To The Accounts**

**6 Other Designated Funds**

(a) Movements on other Designated Funds	2015		2014	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
At the beginning of the year	5,431,020.77	811,809.68	5,218,214.87	1,069,657.98
Income for the year	664,456.18	311,181.40	981,335.72	375,134.05
Expenditure for the year	(619,239.54)	(521,705.79)	(768,529.82)	(632,982.35)
At the end of the year	<u>5,476,237.41</u>	<u>601,285.29</u>	<u>5,431,020.77</u>	<u>811,809.68</u>

(b) Details of other Designated Funds	2015		2014	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Social Service Fund	1,825,675.56	0.00	1,804,011.62	0.00
Social Service Development Fund	791,131.44	0.00	784,488.74	0.00
Fund Raising	1,422,697.81	0.00	1,258,333.90	0.00
Staff Welfare	52,179.55	0.00	15,238.33	0.00
Staff Development	6,000.00	0.00	6,000.00	0.00
Service Units	576,766.57	0.00	451,412.88	0.00
Care for Elderly Charitable Raffle Tickets	140,516.39	0.00	319,553.46	155,791.41
Walkathon	4,366.01	531,689.09	97,960.00	619,255.37
Renovation	0.00	0.00	40,289.10	0.00
Child Care Service	656,904.08	0.00	653,732.74	0.00
集思公益計劃	0.00	0.00	0.00	24,315.10
社區香薰	0.00	11,447.80	0.00	12,447.80
Church Donation	0.00	58,148.40	0.00	0.00
	<u>5,476,237.41</u>	<u>601,285.29</u>	<u>5,431,020.77</u>	<u>811,809.68</u>

**7 Cash and cash equivalents**

	2015		2014	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Cash and bank balances	<u>13,098,991.76</u>	<u>1,496,359.16</u>	<u>10,790,851.07</u>	<u>1,368,005.24</u>

**8 The expenditure of renovation subsidied by The Board of Management of The Chineses Permanent Cemeteries Fund had been paid in previous year.**

The Association of Evangelical Free Churches of Hong Kong (Social Services)  
Balance Sheet as at 31st March 2015  
(Expressed in Hong Kong Dollars)

**Notes To The Accounts**

**9 Accounting Estimates and Judgements**

**(a) Key sources of estimation uncertainty**

In the process of applying the Association's accounting policies, management has made no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dated, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(b) Critical accounting judgement in applying the Company's accounting policies**

There were no critical accounting judgements in applying the Company's accounting policies.

**10 Reclassification of accounts**

The comparative figures have been re-classified to conform with the current year presentation.

**11 Approval of Accounts**

The accounts on pages 1 to 10 have been approved by the Standing Committee on 14 October 2015