

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

Audited Accounts for the year ended 31st March 2017

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Lau Wah Ching
Certified Public Accountant (Practising)



LAU WAH CHING
CERTIFIED PUBLIC ACCOUNTANT
12/F, Entertainment Building,
30 Queen's Road Central, Hong Kong.
Tel.: 98687900 Fax : 26667355

Auditor's Certification

To the Members of
The Association of Evangelical Free Churches of Hong Kong

I have audited the financial statements of The Association of Evangelical Free Churches of Hong Kong ("Association") set out on pages 1 to 11, which comprise the balance sheet as at 31 March 2017, the income and expenditure accounts for the year ended 31 March 2017, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the Executive Committee of the Association based on the financial reporting requirements of the Social Welfare Department, in accordance with the requirements of the Lump Sum Grant (LSG) Manual.

Responsibility of the Executive Committee for the Financial Statements

The Executive Committee of the Association is responsible for the preparation of these financial statements based on the financial reporting requirements of the Social Welfare Department, in accordance with the requirements of the LSG Manual, and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit 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.

I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those 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 judgment, 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 the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

EFCC - 2017

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



LAU WAH CHING
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expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, 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 of the Association are prepared, in all material respects, based on the financial reporting requirements of the Social Welfare Department, in accordance with of the requirements of the LSG Manual.

A handwritten signature in blue ink, appearing to read 'Lau Wah Ching'.

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

Hong Kong
29 October 2017

EFCC - 2017

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

The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2016 TO 31ST MARCH 2017

	2017		2016	
	Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
INCOME				
Social Welfare subvention	12,433,142.00	0.00	11,826,998.00	0.00
Subvention for Program Assistant	0.00	0.00	0.00	0.00
Subvention for Subsidy Scheme- Po Nga Nursery School	0.00	0.00	18,720.00	0.00
Subvention for Subsidy Scheme- Occasional Child Care Service	42,400.00	0.00	42,400.00	0.00
Subvention for Subsidy Scheme-Extended Hours Service (EHS) Users	2,704.00	0.00	1,577.00	0.00
Subvention for Training Subsidy Scheme- Standalone Child Care Centre	0.00	0.00	0.00	0.00
Subvention for Rent	566,724.00	769,256.40	528,039.20	686,478.00
Subvention for Rates	113,411.00	74,259.18	118,912.00	60,653.13
Subvention for Government Rent	76,769.00	7,992.00	76,768.80	10,835.90
Occasional Child Care Service income	49,948.80	0.00	46,125.80	0.00
Extended Hours Service income	5,038.00	0.00	10,348.00	0.00
Membership fee	77,796.50	48,740.00	78,881.50	42,626.00
Membership fee of Social Service Management Board	20,000.00	0.00	20,000.00	0.00
Programme income	1,720,898.52	3,488,136.20	1,729,453.60	3,329,384.20
Income from selling flag	1,772,058.91	0.00	0.00	0.00
Other Income				
(a) Bank interest	119.51	69.24	135.84	68.83
(b) Church contributions	94,690.90	1,445,804.50	88,517.07	919,962.83
(c) Donations by EFCC	125,000.00	0.00	150,000.00	0.00
(d) Donations for EFCC Elderly Service	430,000.00	0.00	390,000.00	0.00
(e) Subsidy by Elderly Centre/Church	30,000.00	0.00	30,000.00	0.00
(f) Subsidy by Nursery School (Administrative charge)	466,700.00	0.00	240,000.00	0.00
(g) Other donations	564,037.54	581,709.40	300,601.40	625,424.70
(h) Designated Funds	0.00	0.00	0.00	0.00
(i) District Council Fund	0.00	17,322.20	0.00	11,329.20
(j) The Community Chest-Capital Project Fund (AGNS)	415,450.00	0.00	362,250.00	0.00
(k) The Community Chest-"Child+Family is Love" Supporting Project in Nursery School	651,456.52	0.00	200,868.81	0.00
(l) Health Care and Promotion Fund-Non-research Health Promotion Project	139,072.30	0.00	1,804,614.50	0.00
(m) The Sir Robert Ho Tung Charitable Fund Expenses	66,700.00	17,700.00	51,500.00	0.00
(n) Environment and Conservation Fund expenses (HTALEC)	122,320.00	99,820.00	0.00	20,490.00
(o) The Hong Kong Bank Foundation	89,691.00	0.00	19,000.00	0.00
(p) The Board of Management of The Chinese Permanent Cemeteries Fund	187,050.00	0.00	0.00	0.00
(q) The Board of Management of The Chinese Permanent Cemeteries Fund-思前想後圓滿計劃	94,669.00	0.00	48,000.00	0.00
(r) SWD-Opportunities for the Elderly Project income	0.00	62,430.00	0.00	16,050.00
(s) 蘋果日報慈善基金撥款	0.00	12,000.00	0.00	0.00
(t) 新春關愛長者大行動收入	0.00	3,000.00	12,550.00	0.00
(u) 意贈-福安至安心計劃收入	0.00	48,775.50	14,700.00	0.00
(v) Income of service provided	73,745.01	419,626.30	68,895.92	226,952.40
(w) Sundry income	65,112.06	15,157.43	99,845.77	156,726.97
TOTAL INCOME	20,496,704.57	7,111,798.35	18,379,703.21	6,106,982.16
EXPENDITURE				
Personal Emoluments:				
Staff salaries	8,821,311.03	3,663,379.05	8,275,931.68	3,434,229.96
Relief worker	37,091.67	0.00	12,930.00	0.00
Salary for Program Assistants	0.00	0.00	0.00	0.00
Salary for Integrated Program staff	2,096,401.25	0.00	2,017,424.70	0.00
Mandatory Provident Fund	572,522.67	186,114.82	518,226.46	173,966.25
Provident Fund	160,506.00	0.00	149,868.87	0.00
Mandatory Provident Fund for Program Assistants	0.00	0.00	0.00	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
Total Personal Emoluments	11,687,832.62	3,849,493.87	10,974,381.71	3,608,196.21

The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2016 TO 31ST MARCH 2017

	2017		2016	
	Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
Other Charges				
Utilities				
Electricity	164,886.70	123,443.24	153,202.25	125,200.63
Water & Sewage charge	2,837.60	1,718.90	2,609.00	1,471.20
Sub-total	167,724.30	125,162.14	155,811.25	126,671.83
Administrative Expenses				
Postage	6,773.60	11,781.80	3,554.20	31,688.60
Advertisement for staff recruitment	5,664.00	6,660.00	1,704.00	6,532.00
Advertising of publicity	0.00	0.00	0.00	0.00
Audit fee	11,200.00	13,000.00	10,000.00	15,200.00
Audit fee for ORSO	143.00	0.00	142.80	0.00
Accountancy service	0.00	0.00	0.00	0.00
Telephone and Fax line	17,717.22	19,394.20	17,853.00	23,513.00
Internet service charge	11,407.10	10,104.00	10,848.00	9,391.00
Website and Server service charge	28,000.00	1,432.00	19,800.00	1,432.00
Bank charge for autopayment	1,137.00	0.00	811.00	0.00
P.Fund management charge	0.00	0.00	0.00	0.00
Staff medical check charge	960.00	330.00	0.00	600.00
Sexual conviction record check	0.00	0.00	0.00	0.00
Cleaning service expenses	1,163.00	13,100.00	164.00	9,500.00
Depreciation	0.00	0.00	0.00	0.00
Sub-total	84,164.92	75,802.00	64,877.00	97,856.60
Food				
Food for children	24,622.70	0.00	20,628.00	0.00
Sub-total	24,622.70	0.00	20,628.00	0.00
Stores and Equipment				
Cleaning material	32,013.70	24,264.40	25,796.30	18,346.40
Printing charge	64,838.58	46,149.18	61,661.33	49,858.39
Printing of Flag	45,000.00	0.00	0.00	0.00
Rental of photocopying machine	28,455.50	35,316.03	23,100.00	28,825.00
Stationery	20,939.64	14,119.84	20,858.47	10,243.50
Computer (hardware/software)	43,926.50	1,877.00	15,848.00	4,107.00
Minor purchases	52,456.03	45,033.70	61,400.40	36,250.50
Teaching consumable	59,247.20	0.00	57,292.50	0.00
Newspapers and Periodicals	42,672.95	19,991.00	34,194.30	18,045.10
Souvenirs for volunteers	0.00	0.00	0.00	0.00
Repair and Maintenance	95,830.00	70,732.00	168,016.80	192,128.30
Repair of money collection	0.00	0.00	0.00	0.00
Sub-total	485,380.10	257,483.15	468,168.10	357,804.19
Programme Expenses				
Programme expenses	1,704,349.10	2,460,074.74	1,743,774.14	2,366,034.69
Sub-total	1,704,349.10	2,460,074.74	1,743,774.14	2,366,034.69
Transportation and Travelling				
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	8,499.00	0.00	0.00	0.00
Other travelling expenses	22,800.80	5,810.40	11,527.70	6,386.20
Sub-total	31,299.80	5,810.40	11,527.70	6,386.20
Insurance Premium				
Employee's compensation	32,562.60	19,391.29	38,093.37	17,563.95
Public liability	6,545.48	4,909.08	4,082.37	2,144.27
Group personal accident	3,636.37	2,727.27	7,500.00	2,500.00
Medical malpractice	6,758.80	2,055.60	5,149.53	774.10
Others	11,692.00	4,215.00	10,042.00	4,165.00
Sub-total	61,195.25	33,298.24	64,867.27	27,147.32

The Association of Evangelical Free Churches of Hong Kong (Social Services)
OPERATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1ST APRIL 2016 TO 31ST MARCH 2017

	Note	2017		2016	
		Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
Miscellaneous					
(a) Bank charges		4,044.00	5,992.57	3,260.00	4,069.50
(b) Staff training		62,192.30	6,432.90	70,716.73	7,971.30
(c) Staff uniform		6,384.00	2,420.00	0.00	0.00
(d) Sundry expenses		30,305.12	7,969.70	19,574.00	15,022.26
(e) Sundry expenses-public announcement		2,699.00	0.00	0.00	0.00
(f) Staff programme		35,800.03	4,300.00	53,189.70	3,000.00
(g) Staff medical allowance		0.00	17,318.50	0.00	18,760.00
(h) Periodic fee for ORSO		171.00	0.00	171.50	0.00
(i) Subsidy Scheme-Po Nga Nursery School		0.00	0.00	0.00	0.00
(j) Subsidy Scheme-Occasional Child Care Service		25,410.80	0.00	29,828.11	0.00
(k) Subsidy Scheme-Extended Hours Services (EHS) User		0.00	0.00	0.00	0.00
(l) Training Subsidy Scheme-Standalone Child Care Centre		0.00	0.00	75,097.00	0.00
(m) Training Subsidy Scheme-Integrated Program		0.00	0.00	0.00	0.00
(n) Subsidy to EFCC Elderly Service		430,000.00	0.00	390,000.00	0.00
(o) Designated expenses-Flag Day		0.00	0.00	0.00	0.00
(p) Designated Funds expenses		0.00	0.00	0.00	0.00
(q) District Council Fund expenses		0.00	17,322.20	0.00	11,329.20
(r) The Community Chest-Capital Project Fund (AGNS)		415,450.00	0.00	362,250.00	0.00
(s) The Community Chest-"Child+Family is Love" Supporting Project in Nursery School		651,456.52	0.00	200,868.81	0.00
(t) Health Care and Promotion Fund-Non-research Health Promotion Project		139,072.30	0.00	1,804,614.50	0.00
(v) The Sir Robert Ho Tung Charitable Fund Expenses		66,700.00	17,700.00	51,500.00	0.00
(w) Environment and Conservation Fund expenses (HTALEC)		122,320.00	99,820.00	0.00	20,490.00
(x) The Hong Kong Bank Foundation		89,691.00	0.00	19,000.00	0.00
(y) The Board of Management of The Chinese Permanent Cemeteries Fund		187,050.00	0.00	0.00	0.00
(y) The Board of Management of The Chinese Permanent Cemeteries Fund-思前想後圓滿計劃		94,669.00	0.00	48,000.00	0.00
(z) SWD-Opportunities for the Elderly Project income		0.00	62,430.00	0.00	16,050.00
(aa) 蘋果日報慈善基金撥款		0.00	12,000.00	0.00	0.00
(ab) SWD-沙田區長者協作計劃收入		0.00	3,000.00	12,550.00	0.00
(ac) 意贈-福安至安心計劃支出		0.00	48,775.50	14,700.00	0.00
Sub-total		2,363,415.07	305,481.37	3,155,320.35	96,692.26
Total Other Charges		4,922,151.24	3,263,112.04	5,684,973.81	3,078,593.09
Rent		611,176.00	826,648.40	557,233.00	738,217.20
Rates		117,920.00	76,148.00	112,050.00	64,280.00
Government Rent		80,352.00	7,992.00	78,660.00	10,835.90
Sub-total		809,448.00	910,788.40	747,943.00	813,333.10
TOTAL EXPENDITURE		17,419,431.86	8,023,394.31	17,407,298.52	7,500,122.40
INCOME LESS EXPENDITURE (A) - (B)		3,077,272.71	(911,595.96)	972,404.69	(1,393,140.24)

The notes on pages 5 to 11 form part of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2017
(Expressed in Hong Kong Dollars)

		2017		2016	
		Subvented Units	Financing Units	Subvented Units	Financing Units
ASSETS	Note	HK\$	HK\$	HK\$	HK\$
<u>Current Assets</u>					
Government Subvention Receivable		0.00	0.00	757,967.03	0.00
Accounts receivable		2,720.00	595,331.60	3,150.00	214,074.59
Prepayments		0.00	47,602.29	162.60	56,886.43
Temporary payment		2,697,901.91	72,570.80	987,051.19	106,122.36
Utilities deposits		45,008.00	23,055.70	45,008.00	23,055.70
Stocks on hand		0.00	0.00	0.00	0.00
Cash at bank	7	13,182,571.49	1,643,850.31	10,732,152.93	1,570,241.40
Cash in hand	7	11,911.70	18,352.30	17,710.60	17,896.20
Undeposit cash	7	1,209.00	0.00	0.00	0.00
		<u>15,941,322.10</u>	<u>2,400,763.00</u>	<u>12,543,202.35</u>	<u>1,988,276.68</u>
<u>FUNDS EMPLOYED</u>					
<u>Current Liabilities</u>					
Loan from church		0.00	1,120,207.75	0.00	1,202,928.24
Bank overdraft		0.00	0.00	0.00	0.00
Accounts payable	4	63,513.90	19,759.92	137,340.90	31,336.60
Temporary receipt		3,705,583.12	398,467.95	2,990,215.91	451,751.40
Fees received in advance		121,535.50	56,485.00	104,402.00	38,520.00
Current accounts with affiliates		0.00	0.00	0.00	0.00
Lump Sum Grant surplus		1,535,378.39	0.00	897,904.31	0.00
Provident Fund Reserve-existing staff		2,551.13	0.00	(18,974.87)	0.00
Provident Fund Reserve-6.8% post & others		2,084,607.57	0.00	1,928,890.24	0.00
Rent and Rates subvention surplus		(17,397.60)	0.00	(13,304.00)	0.00
SWD subvention for Special One-Off Grant		0.00	0.00	0.00	0.00
SWD subvention for Program Assistants		0.00	0.00	11,614.77	0.00
SWD subvention for Subsidy Scheme- Po Nga Nursery School		37,440.00	0.00	37,440.00	0.00
SWD subvention for Subsidy Scheme- Occasional Child Care Service		39,759.49	0.00	22,770.29	0.00
SWD subvention for Extended Hours Services (EHS) User		4,281.00	0.00	1,577.00	0.00
Subvention for Training Subsidy Scheme- Standalone Child Care Centre		0.00	0.00	0.00	0.00
Subvention for Training Subsidy Scheme- Integrated Program		138,694.00	0.00	138,694.00	0.00
		<u>7,715,946.50</u>	<u>1,594,920.62</u>	<u>6,238,570.55</u>	<u>1,724,536.24</u>
Accumulated General Fund	5	2,041,955.14	268,956.08	382,237.58	36,230.24
Designated Fund - Flag Days		5,635.90	0.00	93,510.90	0.00
Other Designated Funds	6	6,177,784.56	536,886.30	5,828,883.32	227,510.20
		<u>15,941,322.10</u>	<u>2,400,763.00</u>	<u>12,543,202.35</u>	<u>1,988,276.68</u>

So Chun Ho
(Chairman)

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

The notes on pages 5 to 11 form parts of these accounts

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Financial Statements for the year ended 31 March 2017
(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 financial reporting requirements of the Social Welfare Department, based on the requirements of the Lump Sum Grant Manual. 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 2017
(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 2017
(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 2017:

(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 Chan Poon Pui Ching Memorial 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)

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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 2017, 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

	2017		2016	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
Accrued expenses	63,513.90	6,759.92	137,340.90	18,636.60
Provision for audit fees	0.00	13,000.00	0.00	12,700.00
	<u>63,513.90</u>	<u>19,759.92</u>	<u>137,340.90</u>	<u>31,336.60</u>

5 Accumulated General Fund

	2017		2016	
	Subvented Units	Financing Units	Subvented Units	Financing Units
	HK\$	HK\$	HK\$	HK\$
At the beginning of the year	382,237.58	36,230.24	381,074.54	(346,275.97)
Unallocated costs in previous years	0.00	0.00	0.00	0.00
Social Welfare subvention surplus	(836,515.01)	0.00	(690,775.36)	0.00
Fund raising by Association	(196,385.35)	0.00	(154,237.68)	0.00
Transferred (to)/from Designated Fund	(384,654.79)	1,144,321.80	(126,228.61)	1,775,646.45
Surplus/(Deficit) for the year	<u>3,077,272.71</u>	<u>(911,595.96)</u>	<u>972,404.69</u>	<u>(1,393,140.24)</u>
At the end of the year	<u>2,041,955.14</u>	<u>268,956.08</u>	<u>382,237.58</u>	<u>36,230.24</u>

The Association of Evangelical Free Churches of Hong Kong (Social Services)
Balance Sheet as at 31st March 2017
(Expressed in Hong Kong Dollars)

Notes To The Accounts

6 Other Designated Funds

(a) Movements on other Designated Funds

	2017		2016	
	Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
At the beginning of the year	5,828,883.32	227,510.20	5,476,237.41	601,285.29
Income for the year	1,064,254.36	416,721.00	1,792,800.43	401,714.10
Expenditure for the year	(715,353.12)	(107,344.90)	(1,440,154.52)	(775,489.19)
At the end of the year	6,177,784.56	536,886.30	5,828,883.32	227,510.20

(b) Details of other Designated Funds

	2017		2016	
	Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
Social Service Fund	1,864,189.56	0.00	1,849,612.39	0.00
Social Service Development Fund	797,876.58	0.00	794,253.16	0.00
Fund Raising	1,790,656.65	0.00	1,585,214.24	0.00
Staff Welfare	24,917.58	0.00	39,148.95	0.00
Staff Development	16,060.00	0.00	13,560.00	0.00
SSO Child Care Service	27,009.82	0.00	22,661.71	0.00
Service Units	1,035,961.98	0.00	700,889.16	0.00
Care for Elderly Charitable Raffle Tickets	111,407.79	65,492.85	103,204.61	23,876.75
Walkathon	181,661.00	433,593.45	203,486.00	422,683.45
Renovation	0.00	0.00	0.00	0.00
護理同行計劃	173,465.00	0.00	-	-
NS Child Care Service	0.00	0.00	0.00	0.00
駐校輔導服務	154,578.60	0.00	516,853.10	0.00
集思公益計劃	0.00	0.00	0.00	0.00
社區香薰	0.00	0.00	0.00	0.00
學童課餘託管計劃	0.00	37,800.00	-	-
Church Donation	0.00	0.00	0.00	0.00
Centre Fund	0.00	0.00	0.00	(219,050.00)
	6,177,784.56	536,886.30	5,828,883.32	227,510.20

7 Cash and cash equivalents

	2017		2016	
	Subvented Units HK\$	Financing Units HK\$	Subvented Units HK\$	Financing Units HK\$
Cash at bank	13,182,571.49	1,643,850.31	10,732,152.93	1,570,241.40
Cash in hand	11,911.70	18,352.30	17,710.60	17,896.20
Undeposit cash	1,209.00	0.00	0.00	0.00
	13,195,692.19	1,662,202.61	10,749,863.53	1,588,137.60

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Notes To The Accounts

8 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 Association's accounting policies

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

9 Reclassification of accounts

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

The Association of Evangelical Free Churches of Hong Kong (Social Services)
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Notes To The Accounts

10 Flag Day Event (held on 11 March 2017)

1. As stated in the public subscription permit no.FD/T002/2016, the purposes and allocations of the funds of the flag day fund-raising event are as follows:

	Units	Purpose	Allocation (%)
(1)	Evangel Children Home	Designated projects	4%
(2)	EFCC-Choi Fook Church Neighbourhood Family Service Centre	Recurrent expenses	9%
(3)	EFCC-Abundant Grace Church Family Activity Centre	Recurrent expenses	9%
(4)	EFCC-Lok Yan Learning Centre	Recurrent expenses	4%
(5)	EFCC-Shun On Social Service Centre	Recurrent expenses	4%
(6)	EFCC-Hong Fook Church Bradbury Community Health Development Centre	Recurrent expenses and purchase of equipment	9%
(7)	EFCC-Hong Fook Church Chan Poon Pui Ching Memorial Elderly Centre	Recurrent expenses and purchase of equipment	6%
(8)	EFCC-Fook On Church Elderly Centre	Salary expenses of additional program workers, non-subvented service and designated projects	4%
(9)	EFCC-Hing Tin Wendell Memorial Church Alison Lam Elderly Centre	Salary expenses of additional program workers, non-subvented service and designated projects	4%
(10)	EFCC-Mei Foo Elderly Centre	Salary expenses of additional program workers, non-subvented service and designated projects	4%
(11)	EFCC-Po Nga Nursery School	Salary expenses of additional teaching staff, minor renovation works, purchase of equipments and non-subvented services	4%
(12)	EFCC-Abundant Grace Church Abundant Grace Nursery School	Salary expenses of additional teaching staff, minor renovation works, purchase of equipments and non-subvented services	4%
(13)	EFCC-Verbena Nursery School	Salary expenses of additional teaching staff, minor renovation works, purchase of equipments and non-subvented services	4%
(14)	EFCC-Tin Yan Nursery School	Salary expenses of additional teaching staff, minor renovation works, purchase of equipments and non-subvented services	4%
(15)	Service Development Fund	EFCC service development	18%
(16)	Service Support Fund	EFCC service support	9%
			100%

The closing date of flag day fund-raising event was 16 May 2017. The net surplus on the closing date will be allocated to various centres in May 2017 and the actual amounts so allocated will be presented in the consolidated accounts for the year ending 31 March 2018.

11 Approval of Accounts

The accounts on pages 1 to 11 have been approved by the Executive Committee on 29th October 2017