

**CHRISTIAN & MISSIONARY ALLIANCE CHURCH
UNION HONG KONG LIMITED
- C & M A SOCIAL SERVICES
基督教宣道會香港區聯會有限公司
宣道會社會服務處**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2023**



范陳會計師行有限公司
Fan, Chan & Co. Limited

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION
HONG KONG LIMITED

基督教宣道會香港區聯會有限公司

Opinion

We have audited the financial statements of Christian & Missionary Alliance Church Union Hong Kong Limited – C & M A Social Services (the "Organization") set out on pages 4 to 29, which comprise the statement of financial position as at 31 March, 2023, and the statement of comprehensive income, statement of cash flows and statement of changes in reserves and funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial statements of the Organization do not form part of the specified financial statements of Christian & Missionary Alliance Church Union Hong Kong Limited.

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at 31 March, 2023, and of its financial performance and its 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 accordance with the "Lump Sum Grant Manual" and complied with the requirements as stipulated by Social Welfare Department and Community Care Fund on implementing the Community Care Fund Programme and other instructions issued by the Director of Social Welfare from time to time.

Other Information

We have not performed any audit procedures to verify the authenticity of the supplementary and unaudited information provided by the Committee Members of the Organization in the financial statements.

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 Financial Statements section of our report. We are independent of the Organization 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.

Responsibilities of Committee Members and Those Charged with Governance for the Financial Statements

The Committee Members of the Organization are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA, and for such internal control as the Committee Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee Members are responsible for assessing the Organization'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 Committee Members either intend to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

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



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, 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 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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee Members.
- Conclude on the appropriateness of the Committee Members 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 Organization'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 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 Organization to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 20 October, 2023

CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
- C & M A SOCIAL SERVICES

基督教宣道會香港區聯會有限公司 - 宣道會社會服務處

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2023

	Note	2023 HK\$	2022 HK\$
Income			
Social Welfare Department's subvention and grants	4	36,473,229	37,931,443
Education Bureau's subvention		38,803,497	39,729,811
Donations and subventions from other sources	5	10,116,175	6,147,771
Fee income and assistance	6	15,320,437	15,589,198
Programme income	9	898,666	824,521
Bank interest income		299,830	67,725
Recapitalisation		-	(127,800)
Administrative fee income		3,052,677	3,328,269
Sundry income		342,591	104,847
Total income		105,307,102	103,595,785
Deduct:			
Expenditure			
Administrative expenses		801,269	920,841
Audit fee		138,660	120,570
Building management fee		697,980	629,765
Capital expenditure for designated donations / government grants		351,871	268,260
Central items		1,767,350	1,506,794
Depreciation and amortization	10	1,879,123	2,848,585
Expenditure for designated donations		2,828,898	3,351,733
Food		842,776	468,922
Government rent and rates		475,504	486,891
Insurance premium		757,170	745,612
Personnel emoluments	7	80,928,747	77,272,196
Programme expenses	9	4,759,425	3,186,957
Rental expenses		2,214,070	1,843,127
Repairs and maintenance		1,075,209	968,252
Sales and services, net deficit		-	767
Social Welfare Development Fund Expenditure		37,922	30,694
Store and equipment		726,686	884,928
SWD-Block Grant Expenditure		-	9,100
Sundry expenses		905,286	1,016,108
Transportation and travelling		81,087	78,125
Utilities		1,441,551	1,282,937
Loss on disposal of property, plant and equipment		23,389	14,279
Total expenditure		102,733,973	97,935,443
Surplus for the year		2,573,129	5,660,342

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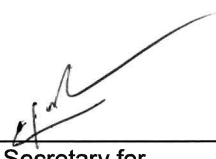
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH, 2023

	Note	2023 HK\$	2022 HK\$
Non-current assets			
Property, plant and equipment	10	5,779,305	6,472,011
Current assets			
Inventories	11	149,157	149,058
Deposits, prepayment and other receivables	12	1,595,184	2,183,768
Amounts due from related parties	17	-	19,361
Cash and cash equivalents	13	81,107,344	79,762,386
		82,851,685	82,114,573
Current liabilities			
Account and other payables		4,556,094	4,247,870
Receipt in advance		4,763,925	8,114,962
		9,320,019	12,362,832
Net current assets		73,531,666	69,751,741
Total assets less current liabilities		79,310,971	76,223,752
Non-current liabilities			
Provision for long service payment	14	727,979	641,830
Block grant reserve	15	2,688,361	2,260,420
		3,416,340	2,902,250
Net assets		75,894,631	73,321,502
Total reserves and funds			
Accumulated general fund		(863,134)	3,335
Designated funds		76,757,765	73,318,167
		75,894,631	73,321,502

The financial statements were approved and authorised for issue by the Social Services Committee on 20 October, 2023 and are signed on its behalf by:



 Chairman of
 Social Services Committee
 C & M A Social Services



 General Secretary for
 Social Services
 C & M A Social Services

CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
- C & M A SOCIAL SERVICES

基督教宣道會香港區聯會有限公司 - 宣道會社會服務處

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2023

	2023 HK\$	2022 HK\$
Operating activities		
Surplus for the year	2,573,129	5,660,342
Adjustments for:		
Deferred income- Furniture and equipment replenishment and minor works block grant received	425,000	417,900
Depreciation and amortization	1,879,123	2,848,585
Loss on disposal of property, plant and equipment	23,389	14,279
Addition/(written) back for long service payment	86,149	(73,992)
Bank interest income	(299,830)	(67,725)
Operating surplus before changes in working capital	4,686,960	8,799,389
Increase in inventories	(99)	(14,592)
Decrease/(increase) in deposits, prepayment and other receivables	588,584	(292,460)
Repayment from related parties	19,361	8,277
Increase in account and other payables	308,224	1,327,047
Decrease in receipt in advance	(3,351,037)	(1,075,483)
Cash generated from operating activities	2,251,993	8,752,178
Investing activities		
Interest received	299,830	67,725
Interest received - Furniture and equipment replenishment and minor works block grant reserve	2,941	175
Purchases of property, plant and equipment	(1,209,806)	(2,354,924)
Cash flow used in investing activities	(907,035)	(2,287,024)
Net increase in cash and cash equivalents	1,344,958	7,935,139
Cash and cash equivalents at the beginning of the year	79,762,386	73,297,232
Cash and cash equivalents at the end of the year		
Cash and bank balances	81,107,344	79,762,386

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STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH, 2023

	Accumulated general fund HK\$	Lump sum grant reserve HK\$	Church support fund HK\$	C & M A elderly service fund HK\$	C & M A social service development fund HK\$	SWD development fund HK\$	School fee assistant fund HK\$	Service reserve HK\$	Sub-total carried forward HK\$
As at 1 April, 2021	1,468,170	13,778,891	3,539,488	181,825	1,675,996	58,446	28,075	9,874,772	30,605,663
Refund to Government	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	(1,464,835)	195,527	(58,090)	(93,827)	83,669	38,596	-	(474,992)	(1,773,952)
Balance as at 31 March, 2022	3,335	13,974,418	3,481,398	87,998	1,759,665	97,042	28,075	9,399,780	28,831,711
Refund to Government	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	(866,469)	192,100	(52,381)	(11,979)	92,933	(37,795)	-	(335,056)	(1,018,647)
Balance as at 31 March, 2023	(863,134)	14,166,518	3,429,017	76,019	1,852,598	59,247	28,075	9,064,724	27,813,064

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STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH, 2023

	Sub-total brought forward HK\$	Flag day reserve HK\$	Huen Chi caring fund HK\$	Nursery school fund HK\$	Fixed assets fund HK\$	Retained surplus of FQKES HK\$	One-Off start-up grant reserve HK\$	Total HK\$
As at 1 April, 2021	30,605,663	638,991	34,409	28,677,196	6,095,418	1,609,245	238	67,661,160
Refund to Government	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	(1,773,952)	(59,661)	-	8,362,835	(434,231)	(434,411)	(238)	5,660,342
Balance as at 31 March, 2022	28,831,711	579,330	34,409	37,040,031	5,661,187	1,174,834	-	73,321,502
Refund to Government	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	(1,018,647)	470,198	-	4,871,570	(811,226)	(938,766)	-	2,573,129
Balance as at 31 March, 2023	27,813,064	1,049,528	34,409	41,911,601	4,849,961	236,068	-	75,894,631

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

1. General information

C & M A Social Services (the "Organization") is a division of Christian & Missionary Alliance Church Union Hong Kong Limited (the "Union") which is a Company incorporated in Hong Kong with liabilities limited by guarantee. The principal activities of the Organization are preaching the Gospel, providing wholistic care and serving the community in the spirit of Christ's love. The principal office of the Organization is situated at M/F., GIC Building, Olympian City (Phase 1), 11 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong.

These financial statements are only related to the Organization and are not specified financial statements in relation to the Union. The specified financial statements of the Union have been delivered to the Companies Registry. The auditor's report has been prepared on the specified financial statements for the said financial year and the auditor's report was not qualified or otherwise modified.

These financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated which is the currency of the primary economic environment in which the organization operates. These financial statements have been approved for issue by the C & M A Social Services Committee on 20 October, 2023.

2. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the accrual basis of accounting and on the basis that the Organization is a going concern. They have been prepared under the historical cost convention.

The financial statements include accounts of social service units under the management of the Organization. Transactions between and among the social service units are eliminated in the process of combination. List of the service units included is as follows:

Name of social service units

- (a) C & M A Social Services ("C & M A SS")
- (b) C & M A Bradbury King Lam Neighbourhood Elderly Centre ("King Lam")
- (c) C & M A Yau Lai Neighbourhood Elderly Centre ("Yau Lai")
- (d) C & M A Riviera Gardens Elderly Centre Learning Centre ("Riviera")
- (e) C & M A Cheung Hang Neighbourhood Elderly Centre ("Cheung Hang")
- (f) C & M A Lei Fook Neighbourhood Elderly Centre ("Lei Fook")
- (g) C & M A Tsui Lok Good Neighbours Centre for Elderly ("Tsui Lok")
- (h) Christian & Missionary Alliance Fu Shan Nursery School ("Fu Shan")
- (i) Christian & Missionary Alliance Lei Tung Nursery School ("Lei Tung")
- (j) Christian & Missionary Alliance Shatin Nursery School ("Shatin")
- (k) Christian & Missionary Alliance South Horizons Nursery School ("South Horizons")
- (l) Christian & Missionary Alliance Plover Cove Nursery School ("Plover Cove")
- (m) Christian & Missionary Alliance Tin Chung Nursery School ("Tin Chung")
- (n) Christian & Missionary Alliance Children Development and Support Centre ("Development and Support")
- (o) Christian & Missionary Alliance Personal Growth and Counselling Centre ("Growth and Counselling")

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

2. Basis of preparation and accounting policies (continued)

Property, Plant and equipment

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

Where the Organization acquires leasehold land for own use under a finance lease, the prepaid cost included in the property, plant and equipment on initial recognition represents the fair value of the leasehold land, or if lower, the present value of the minimum lease payments, determined at the inception of the lease and any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease). The other cost of such items of property, plant and equipment comprises the following:

- (a) The purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. All capital expenditure of which individual item over HK\$800 incurred during the year are capitalized in the accounts of "Property, plant and equipment" and "Fixed assets fund". Any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management; and
- (b) 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 allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Organization will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Leasehold land	Over the Unexpired terms of leases
Buildings	27 years
Leasehold improvement	3 to 5 years
Furniture, equipment and computers	5 years

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Income/Expenditure" in the statement of comprehensive income.

2. Basis of preparation and accounting policies (continued)

Impairment of non-financial assets, other than inventories

At each reporting date, items of 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 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 the income and expenditure.

If an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognized immediately in the income and expenditure.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost represents purchase cost and in general, costs are assigned to individual items on the first-in-first-out basis. Net realizable value is the price at which stocks can be sold or consumed in the normal course of business after allowing for the costs of realization.

Financial instruments

Other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the income and expenditure.

Financial liabilities are initially recognised at the transaction price (including transaction costs). Accounts payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Interest bearing liabilities are classified as current liabilities unless the Organization has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Funds

The natures and purposes of the Organization's reserves and funds are as follows:

- (a) Accumulated general fund represents accumulated operating surplus or deficit, after fund transfer, to be carried forward to next financial year, for the general operation.
- (b) Lump sum grant reserve represents the accumulated operating surplus or deficit of funds from the grant from Social Welfare Department (the "SWD") and is for financing the subvented service activities as set out in the lump sum grant manual and other correspondences with the SWD.

2. Basis of preparation and accounting policies (continued)

Funds (continued)

- (c) Church support fund represents the accumulated operating surplus or deficit financed by sponsoring churches for usage of service activity expenditure not subvented by the Government.
- (d) C & M A elderly service fund represents the accumulated operating surplus or deficit financed by sponsoring churches and the public for operating the Organization's self-financing elderly centres or projects.
- (e) Social Welfare Development fund represents the accumulated operating surplus or deficit financed by the SWD and is for supporting the following scopes:
 - Training and professional development for non-board members, subvented staff, covering also the cost of works to relieve staff who go on training;
 - Business system upgrading for subvented services of NGOs (both information technology (IT) and non-IT projects); and
 - Studies for enhancing subvented NGO's service delivery.
- (f) School fee assistant fund represents the balance of reserve for school fee assistance provided to the students with financial difficulties to pay the outstanding school fee indebted to the Organization's nursery school.
- (g) Service reserve represents the balance of funds received and reserved for future social service projects.
- (h) Flag day reserve represents the balance of funds raised from the flag day events and is reserved for existing service units and future projects.
- (i) Huen Chi caring fund represents the balance of funds received by donations and is to provide preventive and supportive care service for dementia patients and their cares.
- (j) Nursery school fund represents the accumulated operating surplus or deficit of the Organization's nursery schools.
- (k) Fixed assets fund represents the Organization's property, plant and equipment under the Social Welfare Department fund.
- (l) C & M A social service fund represents the accumulated operating surplus or deficit for operating the Organization's social service centres or projects.
- (m) Retained surplus of FQKES represents the accumulated surplus or deficit of the Organization's nursery schools under the Free Quality Kindergarten Education Scheme.
- (n) One-off start-up grant reserve represents the balance of reserve received from EDB to improve service quality, and to strengthen administration and management of the nursery schools.

2. Basis of preparation and accounting policies (continued)

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity or paternity leave are not recognized until the time of leave.

(b) Pension obligations

The Organization operates a mandatory provident fund scheme ("MPF scheme") in Hong Kong. The assets of the MPF scheme are held in separate trustee-administered funds. Contributions to the scheme by the Organization and the employees are calculated as a percentage of employees' salaries. The Organization has no further payment obligations once the contributions have been paid. The contributions are recognized as the employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Long service payments

The Organization's employees have to complete a required number of years of service to the Organization in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Organization is liable to make such payments in the event that such termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognized in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Organization to the end of the reporting period.

Provisions

A provision is recognized when an entity has a present obligation (legal or constructive) as a result of a past event, excluding those arising from the executory contracts, except where these are onerous; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

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

2. Basis of preparation and accounting policies (continued)

Recognition of income

Revenue is recognized when the amount can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Organization.

- (a) Government grants and assistance are recognized when there is reasonable assurance that the Organization will comply with the conditions attaching to and that the grants and assistance will be received. Accrual basis and income approach are adopted that government grants and assistances be recognized as income on a systematic and rational basis over the relevant periods to match with the related costs. Any amounts need to be refunded to the Government is recorded as "Accounts and other payables" in the statements of financial position. Unspent balance of block grant received is recorded as receipts in advance on the statement of financial position;
- (b) Fee income and assistance are recognized on accrual basis;
- (c) Donation is recognized upon the amount is properly received;
- (d) Activity income is recognized when the event has taken place;
- (e) Interest is recognized on a time proportion basis that takes into account the effective yield on the asset;
- (f) Sale of goods is recognized when the goods are delivered and the risks and rewards of ownership have passed to the customer; and
- (g) Service income is recognized when the services have been provided.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Organization. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the Organization at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring surplus or deficit. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the 'Income/Expenditure' on a straight-line basis over the term of the relevant lease.

2. Basis of preparation and accounting policies (continued)

Related parties

A related party is a person or entity that is related to the Organization:

- (a) A person, or a close member of that person's family, is related to the Organization if that person:
 - (i) has control or joint control of the Organization;
 - (ii) has significant influence over the Organization; or
 - (iii) is a member of the key management personnel of the Organization.
- (b) An entity is related to the Organization if any of the following conditions applies:
 - (i) The entity and the Organization are members or divisions of the Union (which means that the Union, each member and the division of the Union is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Union of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Union or an entity related to the Union.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Organization or to the Organization's parent.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2023**3. Key sources of estimation uncertainty**

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of the assets, liabilities, income and expenses. The actual outcomes may differ. The estimates considered most significant are discussed below.

Property, plant and equipment and depreciation

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

Provision for impairment on receivables

The Organization makes provision for impairment on receivables based on an assessment of the recoverability of the receivables. Provisions are applied to the receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment on receivables requires the use of judgement and estimates. Where the expectation are different from the original estimates, such differences will impact the carrying value of the receivables and the loss for the impairment on receivable is recognized in the period in which such estimates have been changed.

Long service payments

The Organization determines the liability for long service payments by making an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

4. Social Welfare Department's subvention and grants

This represents net amount of subventions/grants from Social Welfare Department recognized during the year.

	2023 HK\$	2022 HK\$
Social Welfare Department's subvention and grants:		
Subvention	34,073,513	33,390,775
One-off subsidy	300,400	305,400
Block grant	-	9,100
Welfare project fund coded 341-148	1,322,450	1,422,470
Anti-epidemic Fund: Child Care Centre Special Grant	776,866	2,803,698
	36,473,229	37,931,443

CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2023

5. Donations and subventions from other sources

	2023 HK\$	2022 HK\$
Church contributions and donations	863,690	977,176
Labour and Welfare Bureau's subvention	474,740	502,125
Community Chest donation	6,620,975	1,288,681
Employment Support Scheme	256,980	679,378
Home-School Co-operation Grants	210,260	209,360
Innovation and Technology Fund for Application in Elderly and Rehabilitation Care	-	997,352
Flag day fund collection	1,575,953	1,404,958
Community Care Fund	207,940	225,100
Subvention surplus repayable for the year- LWB	(94,363)	(136,359)
	10,116,175	6,147,771

6. Fee income and assistance

	2023 HK\$	2022 HK\$
Membership fee	21	113,566
Services fee income	116,727	109,172
School fee income	15,203,689	15,366,460
	15,320,437	15,589,198

7. Personnel Emoluments

	2023 HK\$	2022 HK\$
Salaries and allowances	75,655,346	71,877,180
Provident fund contributions	5,273,401	5,395,016
	80,928,747	77,272,196

8. Benefits and interests of Social Services Committee members

The Social Services Committee members received no remuneration for their services to the Organization during the year and in last year.

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

9. Programme expenses, net

	2023 HK\$	2022 HK\$
Programme expenses	4,759,425	3,186,957
Programme income	(898,666)	(824,521)
Programme expenses, net	3,860,759	2,362,436

10. Property, plant and equipment

	Leasehold land held for own use under a finance lease HK\$	Building held for own use HK\$	Leasehold improvement HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Cost					
At 1 April, 2022	4,296,000	394,000	31,964,699	15,126,069	51,780,768
Additions	-	-	13,000	1,196,806	1,209,806
Written off upon disposal	-	-	-	(672,315)	(672,315)
At 31 March, 2023	4,296,000	394,000	31,977,699	15,650,560	52,318,259
Accumulated depreciation					
At 1 April, 2022	1,676,488	233,483	31,442,613	11,956,173	45,308,757
Charges for the year	104,780	14,593	324,333	1,435,417	1,879,123
Written off upon disposal	-	-	-	(648,926)	(648,926)
At 31 March, 2023	1,781,268	248,076	31,766,946	12,742,664	46,538,954
Net carrying amount					
At 31 March, 2023	2,514,732	145,924	210,753	2,907,896	5,779,305
At 31 March, 2022	2,619,512	160,517	522,086	3,169,896	6,472,011

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

11. Inventories

	2023 HK\$	2022 HK\$
Inventories for nursery schools and elderly centres	149,157	149,058

12. Deposits, prepayment and other receivables

	2023 HK\$	2022 HK\$
Other receivables	873,958	1,245,767
Utility deposits	342,882	342,516
Prepayment	378,344	595,485
	1,595,184	2,183,768

13. Cash and cash equivalents

	2023 HK\$	2022 HK\$
Cash in banks:		
Time deposits (matured within three months)	40,783,733	36,947,324
Current and savings accounts	40,275,611	42,767,062
	81,107,344	79,714,386
Cash on hand	48,000	48,000
Cash and cash equivalents as per statement of cash flows	81,107,344	79,762,386

14. Provision for long service payment

	2023 HK\$	2022 HK\$
Balance b/f	641,830	715,822
Addition/(written back) of provision recognised	86,149	(73,992)
Balance c/f	727,979	641,830

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2023**15. Block Grant reserve**

(a) Movement of Block grant reserve

	2023	2022
	HK\$	HK\$
Balance brought forward	2,260,420	1,842,345
Add: Block Grant received	425,000	427,000
Interest income received	2,941	175
	<u>2,688,361</u>	<u>2,269,520</u>
Less: Expenditure during the year	-	-
Furniture & equipment	-	9,100
	<u>2,688,361</u>	<u>2,260,420</u>

(b) As at 31 March, 2023, the Organization has authorised but not contracted for capital commitment in respect of minor works project outstanding of HK\$ Nil (2022: HK\$ Nil).

16. Commitments under operating leases

The Organization entered into various leases on certain properties. These leases typically run for a lease term of three years with all terms renegotiated at the end of the lease.

At 31 March, 2023 and 2022, the Organization had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2023	2022
	HK\$	HK\$
Within one year	1,909,152	1,909,152
In the second to fifth years, inclusive	1,909,152	3,818,304
	<u>3,818,304</u>	<u>5,727,456</u>

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

17. Related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Organization had entered into the following transactions with related parties during the year and had the following balances with related parties at the year end date:

Related parties	Nature of transactions	2023 HK\$	2022 HK\$
Christian & Missionary Alliance Church Union Hong Kong Limited (the "Union")	Donation received	200,000	400,000
Member churches of the Union	Donation received	248,525	266,975
		<u>448,525</u>	<u>666,975</u>

Amounts due from related parties

The amounts due from related parties have the following terms and conditions:

Related parties	Nature of balances	2023 HK\$	2022 HK\$
Member churches of the Union	Balance of amounts due from related parties	-	19,361

The above balance is unsecured, non-interest bearing and repayable on demand.

At the end of the reporting period, there was no interest due and outstanding and no provision has been made for non-repayment of the amounts due.

Movement of the F&E Replenishment and Minor Works Block Grant Reserve

	\$	\$
Balance of Block Grant Reserve brought forward from previous financial year		2,260,420.07
Add: Block Grant received during the year	425,000.00	
Interest income received	2,941.07	
Other income	-	
	<u>-</u>	427,941.07
Less: Expenditure during the year -		
Minor Works Projects	-	
Furniture & Equipment	-	
	<u>-</u>	-
		<u>2,688,361.14</u>
Contribution from C&MA Church Union to cover the deficit (Note 2)		-
Balance of Block Grant Reserve carried forward to next financial year		<u>2,688,361.14</u>
Less: Amount transferred to Special One-off Block Grant for minor works in 2022-23 in Appendix B (if any)		-
Balance of Block Grant Reserve carried forward to the next financial year		<u><u>2,688,361.14</u></u>

Capital Commitments

As at 31 March 2023, the outstanding commitments in respect of F&E Replenishment and Minor Works Grant were as follows:

	\$
Contracted for but not provided in the financial statements	-
Authorized but not contracted for	-
	<u>-</u>
	<u><u>-</u></u>

Notes:

- Please be advised that the BG expenditure incurred for the year 2022-23 charged to the BG Reserve should be full expenditure amount.
- Contribution from NGO should not include its allocation for Special one-off Block Grant.

Disclosure in NGO's Audited Financial Statements

**Use of the Social Welfare Development Fund (SWDF) Phase 3 funded by Lotteries Fund
 for the Financial Year 2022-23**

Name of NGO: Christian & Missionary Alliance Church Union H. K. Ltd.
 Code of NGO: 148

Particulars		\$	\$
I.	Balance of SWDF brought forward (a):		(a) 97,042.68
II.	Allocation from SWDF during the year (b):		(b) -
III.	Interest received during the year (c):		(c) 126.51
IV.	Expenditure under SWDF during the year:		
	1. Expenditure for projects under scope A	37,921.60	
	2. Expenditure for projects under scope B (non-IT)	-	
	3. Expenditure for projects under scope B (IT)	-	
	4. Expenditure for projects under scope C	-	
	5. Expenditure for administrative support	-	
	Total expenditure during the year (d):		(d) 37,921.60
V.	Balance carried forward to the next financial year (e): (e) = (a) + (b) + (c) - (d)		(e) 59,247.59

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for Application, SWD's approval letter(s) and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

Notes:

1. The above information should be audited by external auditors and included as part of the notes to the Agency's audited financial statements submitted to SWD.
2. After completion of external audit, the above information together with the Auditors' Report should be submitted to SWD's Finance Branch (8/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong) and copied to Subventions Section (38/F., 248 Queen's Road East, Wanchai, Hong Kong).

Community Care Fund Assistance Programmes

During the year, the Organization has implemented 3 Community Care Fund ("CCF") assistance programmes. According to requirement of CCF, the Organization is required to disclose the income and expenditure for each programme in its financial statements.

i) CCF - Pilot scheme on living allowance for carers of elderly persons from low income families

	2023 HK\$	2022 HK\$	2021 HK\$	2020 HK\$	2019 HK\$
Balance at the beginning of year	680,816.39	491,816.39	376,616.39	249,626.08	196,001.03
Income					
Subsidy from CCF	158,040.00	189,000.00	115,200.00	178,440.00	109,800.00
	<u>158,040.00</u>	<u>189,000.00</u>	<u>115,200.00</u>	<u>178,440.00</u>	<u>109,800.00</u>
Expenditure					
Audit Fee					
Salaries and allowance	-	-	-	49,115.32	53,165.26
Provident fund contributions	-	-	-	2,455.77	2,658.27
Stores and equipment	-	-	-	-	-
Repair and maintenance	-	-	-	-	-
Programme expenses	-	-	-	-	-
Transportation and travelling	-	-	-	-	-
Miscellaneous	200.00	-	-	-	-
Other Expenditure (Please specify)					
- Bank Charges	-	-	-	-	16.00
- Insurance	-	-	-	(121.40)	335.42
	<u>200.00</u>	<u>-</u>	<u>-</u>	<u>51,449.69</u>	<u>56,174.95</u>
Surplus for the year	157,840.00	189,000.00	115,200.00	126,990.31	53,625.05
Surplus carried forward from previous year	<u>680,816.39</u>	<u>491,816.39</u>	<u>376,616.39</u>	<u>249,626.08</u>	<u>196,001.03</u>
Balance at the end of year	<u>838,656.39</u>	<u>680,816.39</u>	<u>491,816.39</u>	<u>376,616.39</u>	<u>249,626.08</u>

Community Care Fund Assistance Programmes

ii) CCF - Pilot scheme on the One-off Living Subsidy for Non-Public Housing and Non-CSSA Households

	2023 HK\$	2022 HK\$	2021 HK\$	2020 HK\$	2019 HK\$
Balance at the beginning of year	800.00	800.00	800.00	800.00	800.00
Income					
Subsidy from CCF	-	-	-	-	-
Expenditure					
Audit Fee	-	-	-	-	-
Salaries and allowance	-	-	-	-	-
Provident fund contributions	-	-	-	-	-
Stores and equipment	-	-	-	-	-
Repair and maintenance	-	-	-	-	-
Programme expenses	-	-	-	-	-
Transportation and travelling	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Other Expenditure (Please specify)					
- Bank Charges	-	-	-	-	-
- Insurance	-	-	-	-	-
Surplus for the year	-	-	-	-	-
Surplus carried forward from previous year	800.00	800.00	800.00	800.00	800.00
Balance at the end of year	800.00	800.00	800.00	800.00	800.00

Community Care Fund Assistance Programmes

iii) CCF - Pilot scheme on Elderly Dental Assistance Expanded Programme

	2023 HK\$	2022 HK\$	2021 HK\$	2020 HK\$	2019 HK\$
Balance at the beginning of year	218,800.00	182,700.00	143,500.00	97,200.00	61,800.00
Income					
Subsidy from CCF	49,900.00	36,100.00	39,200.00	46,300.00	35,400.00
	<u>49,900.00</u>	<u>36,100.00</u>	<u>39,200.00</u>	<u>46,300.00</u>	<u>35,400.00</u>
Expenditure					
Audit Fee	-	-	-	-	-
Salaries and allowance	-	-	-	-	-
Provident fund contributions	-	-	-	-	-
Stores and equipment	-	-	-	-	-
Repair and maintenance	-	-	-	-	-
Programme expenses	-	-	-	-	-
Transportation and travelling	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Other Expenditure (Please specify)					
- Bank Charges	-	-	-	-	-
- Insurance	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus for the year	49,900.00	36,100.00	39,200.00	46,300.00	35,400.00
Surplus carried forward from previous year	218,800.00	182,700.00	143,500.00	97,200.00	61,800.00
Balance at the end of year	<u>268,700.00</u>	<u>218,800.00</u>	<u>182,700.00</u>	<u>143,500.00</u>	<u>97,200.00</u>

Statement of the usage of donation collection in 2022/23
 (for the period of 1 April 2022 to 31 March 2023)

	HK\$	HK\$
Income		
Surplus of flag day held on 29 October 2022	<u>1,575,953.31</u>	1,575,953.31
Expenditure		
Personal emolument for the following self financed centres:		
1. C & M A Rivera Gardens Elderly Learning Centre	699,954.67	
2. C & M A Tsui Lok Neighbours Centre for the Elderly	<u>5,143.87</u>	
		<u>705,098.54</u>
Net Surplus		<u><u>870,854.77</u></u>

Remarks: The surplus (\$870,854.77) will be used in the expenditure of personal emolument for the following centres in 2023/2024 and onwards.

1. C & M A Rivera Gardens Elderly Learning Centre	88,021.99
2. C & M A Tsui Lok Neighbours Centre for the Elderly	782,832.78
	<u><u>870,854.77</u></u>

**Income and Expenditure Statement for
 Community Chest Project(s)
 for the Year Ending 31 March 2023
 Christian & Missionary Alliance Church Union Hong Kong Limited**

	<u>360 Wellness</u>			<u>Community in Goodness and</u>
	<u>Baseline Allocation</u>	<u>Project for Elders</u>	<u>Rest Carer Centre</u>	<u>Beauty</u>
	\$	\$	\$	\$
Income				
Community Chest Allocation	172,700.00	3,461,962.27	1,414,528.31	1,571,783.72
Interest Income	-	-	-	-
Programme Income	-	-	-	67,990.00
Other Income	-	-	-	-
Total Income (A)	172,700.00	3,461,962.27	1,414,528.31	1,639,773.72
Expenditure				
Personal Emoluments	172,700.00	1,803,391.92	806,195.00	976,095.75
Administrative Expenses	-	-	-	-
Insurance	-	14,962.19	14,174.25	28,955.57
Store & Equipment	-	-	-	-
Programme Expenses	-	519,346.20	586,247.60	352,722.40
Transport & Travelling	-	-	-	-
Rent & Rates	-	-	-	282,000.00
Other Expenditure:	-	90,000.00	48,000.00	-
Total Expenditure (B)	172,700.00	2,427,700.31	1,454,616.85	1,639,773.72
Surplus/ (deficit) for the Year (C) = (A) - (B)	-	1,034,261.96	(40,088.54)	-
Cumulated surplus/ (deficit) B/F (D)	-	(2,188,290.48)	(899,855.68)	-
Cumulated surplus / (deficit) C/F (F)	-	(1,154,028.52)	(939,944.22)	-

**Income and Expenditure Statement for
 Lotteries Fund Experimental Project(s) of limited duration
 for the Year Ending 31 March 2023
 Christian & Missionary Alliance Church Union Hong Kong Limited**

	Wi-Fi Project 35141-837-4510-0000 Completion Date: 2023	Pilot Scheme on Community Care Service Voucher (CCSV) for the Elderly (Second Phase) 35141-837-3060-0000 Completion Date: 30 September 2020	Pilot Scheme on Community Care Service Voucher (CCSV) for the Elderly (Third Phase) 35141-837-4650-0000 Completion Date: 30 September 2023
	\$	\$	\$
Income			
Lotteries Fund Grant	92,400.00	-	889,289.00
Interest Income of 2022/23	1,973.30	-	155.66
Interest Income of 2020/21	213.60	-	-
Programme Income	-	-	121,249.00
Other Income	-	-	-
Total Income (A)	94,586.90	-	1,010,693.66
Expenditure			
Personal Emoluments	-	-	863,077.94
Administrative Expenses	-	-	-
Utilities	-	-	-
Store & Equipment	-	-	-
Programme Expenses	-	-	203,443.90
Transport & Travelling	-	-	-
Rent & Rates	-	-	-
Other Expenditure: (1) Technical set-up and installation cost	-	-	-
(2) Operating expenses - Internet Service Charges	91,752.00	-	-
(3) Insurance	-	-	4,134.57
Total Expenditure (B)	91,752.00	-	1,070,656.41
Surplus/ (deficit) for the Year (C) = (A) - (B)	2,834.90	-	(59,962.75)
Add: Cumulated Income B/F (D)	434,894.80	31,535.00	770,892.00
Cumulated Expenditure B/F (E)	293,903.58	105,406.30	710,929.25
Cumulated surplus/ (deficit) B/F (F) = (D) - (E)	140,991.22	(73,871.30)	59,962.75
Cumulated surplus C/F (G) = (C) + (F)	143,826.12	(73,871.30)	0.00

We certify that all income and expenditure were received and incurred for the Lotteries Fund projects and in accordance with the Lotteries Fund Manual and the instructions issued by Social Welfare Department.

Authorised Signature: _____

Name: Rev. LAU Lap Mo

Title: Chairman of Social Services Committee

Date: 20 October, 2023

Authorised Signature: _____

Name: Ms. Ng Yin Hing

Title: General Secretary of Social Services

Date: 20 October, 2023