

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
HONG KONG DISTRICT LIMITED**

**SOCIAL CONCERN DEPARTMENT**

AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

**張 耀 鴻 會 計 師 行**  
**Y.H. CHEUNG & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

HONG KONG

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

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## AUDIT REPORT TO THE DISTRICT EXECUTIVE COUNCIL OF INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL – HONG KONG DISTRICT LIMITED

We have audited the financial statements of the Social Concern Department of International Church Of The Foursquare Gospel - Hong Kong District Limited (the Department) which reflect the operations of Lung Hang Church Elderly Centre, Kin Sang Church Elderly Centre, their Central Administration and Flag Day Fund for the year ended 31 March 2016. The financial statements comprise the balance sheet as at 31 March 2016 and the income and expenditure account of General Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management Committee's Responsibility For The Financial Statements

The District Executive Council set up a Management Committee to operate the Department. The Management Committee members are responsible for the preparation of these financial statements in accordance with the Small and Medium Sized Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining 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.

### Auditors' Responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the entity's management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements of the Department for the year ended 31 March 2016 are prepared, in all material respects, in accordance with SME-FRS to present the state of the Department's affairs as at 31 March 2016 and of its deficit of General Fund for the year then ended.

  
Y. H. Cheung & Company  
Certified Public Accountants  
Hong Kong  
25 October 2016

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
HONG KONG DISTRICT LIMITED

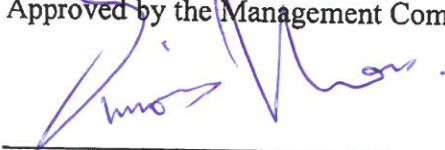
SOCIAL CONCERN DEPARTMENT


BALANCE SHEET

AS AT 31 MARCH 2016

	<u>NOTES</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
NON-CURRENT ASSETS	3	7.00	7.00
CURRENT ASSETS			
Utility deposits		12,408.00	13,350.00
Accounts receivable and prepayments		863,234.58	563,774.80
Cash and cash equivalents		<u>6,024,461.99</u>	<u>3,750,751.76</u>
		<u>6,900,111.57</u>	<u>4,327,883.56</u>
<u>LESS: CURRENT LIABILITIES</u>			
Receipts in advance		---	9,438.00
Deposits received		200.00	200.00
Accounts payable and accrued expenses		2,343,663.83	627,827.75
Government subvention surplus refundable	12	<u>6,118.99</u>	<u>21,193.98</u>
		<u>2,349,982.82</u>	<u>658,659.73</u>
NET ASSETS		<u>4,550,128.75</u>	<u>3,669,223.83</u>
Represented by:			
CAPITAL FUND	3	7.00	7.00
GENERAL FUND/(DEFICIT)	4	7,237.49	(42,360.36)
CENTRAL DEVELOPMENT FUND	5	469,616.02	448,535.02
LONG TERM FINANCE VIABILITY FUND	6	1,705,286.92	1,210,735.05
MPF CONTRIBUTION FUND	7	126,298.04	60,022.93
FLAG DAY FUND	8	1,666,302.35	1,354,362.33
PROGRAMME FUND	9	---	62,572.00
SOCIAL SERVICE DEVELOPMENT FUND	10	475,380.93	475,349.86
ELDERLY SERVICE DEVELOPMENT FUND	11	<u>100,000.00</u>	<u>100,000.00</u>
		<u>4,550,128.75</u>	<u>3,669,223.83</u>

The attached notes form a part of these financial statements.  
Approved by the Management Committee on 25 October 2016.

  
Mr. Chan Ka Yau  
Chairman

  
Chiu Sin Yan  
Treasurer

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	<u>2016</u> HK\$	<u>2015</u> HK\$
<b>REVENUES</b>		
Activities income	793,394.30	1,153,336.80
Community Chest subvention	---	226,450.00
Government subvention for Social Services	6,700,439.00	4,546,336.00
Government subventions for:		
Programme Assistants	---	123,172.00
Rent and rates	145,151.00	135,325.00
Membership fees received	43,142.00	41,294.00
Reimbursement of electricity and telephone		
Costs from other divisions of the Church	4,605.30	8,892.50
Bank interest	459.81	420.02
Funds from Li Ka Shing Foundation	32,599.60	550,447.10
Funds from Chan Kwok Wai Foundation Ltd.	290,000.00	800,000.00
Keep Clean 2015	8,000.00	---
Other donations and income	831,485.96	149,262.53
Sundry income	10,959.00	5,842.69
	<u>8,860,235.97</u>	<u>7,740,778.64</u>
<b>LESS: EXPENDITURE</b>		
Administration expenses	367,270.85	412,611.71
Keep Clean 2015	8,000.00	---
Audit fee	9,900.00	12,555.00
Programme assistants	---	123,239.25
Programme expenses	1,074,046.60	1,800,764.92
Rent, rates and building management	143,938.00	148,176.00
Staff cost	6,027,450.69	4,310,301.45
Renovation and equipments	1,273,280.75	1,050,064.25
	<u>8,903,886.89</u>	<u>7,857,712.58</u>
<b>DEFICIT FOR THE YEAR</b>	(43,650.92)	(116,933.94)
<b>LESS: MPF SUBVENTION SURPLUS TO MPF CONTRIBUTION FUND</b>	(66,275.11)	(18,910.55)
<b>ADD: ADJUSTMENT OF PRIOR YEAR SUBVENTION</b>	<u>9,717.00</u>	<u>12,851.00</u>
<b>BALANCE TO GENERAL FUND (note 4)</b>	<u>(100,209.03)</u>	<u>(122,993.49)</u>

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT

NOTES ON ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

1. Organisation

The Department is a division of the International Church Of The Foursquare Gospel – Hong Kong District Limited (the Church) and is operated by the Management Committee appointed by the District Executive Council of the Church. The principal activity of the Department is to provide social services to the elderly people in Hong Kong.

2. Principal Accounting Policies

The financial statements have been prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Department is a going concern.

The measurement base adopted is the historical cost convention in Hong Kong dollar. The department currency is Hong Kong dollar.

The accounting policies adopted in preparing these financial statements under SME-FRS are the same as those adopted in previous year. The principal accounting policies are as follow:

Measurement Basis

The financial statements have been prepared on the historical cost basis

(a) Cash and Cash Equivalents

They represent cash at bank and in hand.

(b) Fixed Assets/Minor Purchases

Fixed assets are stated at cost less depreciation. Purchases of low value assets and consumable materials are written off to the income and expenditure account of the General Fund in the year of acquisition.

Capital project subvented by Community Chest and other fund is shown as expenditure of that fund in the income and expenditure account.

(c) Revenue

The principal income of the Department is from subventions and donations received and from community service programmes income received from the participants.

Subventions granted by the Hong Kong Government and other charitable bodies are recorded as income when the Department is entitled to the subventions.

Programme income is recorded as income when the related community service programmes commence.

Sundry donations are recorded on the cash received basis.

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
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SOCIAL CONCERN DEPARTMENT

NOTES ON ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2016

2. Principal Accounting Policies (Continued)

(d) Retirement Benefit

The employees are required to join either the Mandatory Provident Scheme or other approved retirement fund scheme on the basis of defined contribution to the scheme. Contributions to the above schemes are recognised as expenses when they are due for payment. The schemes are managed by independent trustees and the retirement funds are not shown in the financial statements. Non cash benefits including leave entitlement, except by compensation in cash, are also not shown.

3. Non-Current Assets / Capital Fund

They represent furniture, fitting and equipment fully depreciated, leaving a total nominal value of \$7 for furniture and equipment and leasehold improvement. There was no addition during the year.

4. General Fund

	<u>2016</u> HK\$	<u>2015</u> HK\$
Balance at beginning of year	(42,360.36)	16,298.74
Less: Deficit for the year	(100,209.03)	(122,993.44)
Add/(Less): Transfer from / (to)		
Long Term Finance Viability Fund	(234,551.87)	(41,306.91)
Flag Day Fund	384,358.75	105,641.25
	<u>7,237.49</u>	<u>(42,360.36)</u>

5. Central Development Fund

	<u>2016</u> HK\$	<u>2015</u> HK\$
Balance at beginning of year	448,535.02	425,475.72
Donations received at		
Kin Sang Church Elderly Centre	3,185.90	5,883.100
Lung Hang Church Elderly Centre	17,895.10	17,176.20
Balance at end of year	<u>469,616.02</u>	<u>448,535.02</u>

6. Long Term Financial Viability Fund

	<u>2016</u> HK\$	<u>2015</u> HK\$
Balance at beginning of year	1,210,735.05	909,428.14
Add: Additional allocation from Social Welfare Department during the year	260,000.00	260,000.00
Add/(Less): Transfer from/(to)		
General Fund during the year	234,551.87	41,306.91
Balance at end of year	<u>1,705,286.92</u>	<u>1,210,735.05</u>



INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
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SOCIAL CONCERN DEPARTMENT

NOTES ON ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2016

7. MPF Contribution Fund

The fund is set up for MPF contribution for staff approved to be subvented by Social Welfare Department.

Snapshot staff are defined as those staff occupying recognized or holding against subvented posts at 1 April 2000 and 6.8% and other posts represent those staff that are employed after 1 April 2000.

Details of the subvention received and paid are below:

	Snapshot Staff HK\$	6.8% Posts and other HK\$	2016 HK\$	2015 HK\$
Subvention received during the year	263,732.00	301,911.00	565,643.00	414,177.00
MPF contribution paid during the year	(265,227.00)	(234,140.89)	(499,367.89)	(395,266.45)
Surplus/(Deficit) for the year	(1,495.00)	67,770.11	66,275.11	18,910.55
<u>Add: Surplus/(Deficit)</u> brought forward	9,412.66	50,610.27	60,022.93	41,112.38
Surplus/(Deficit) carried forward	<u>7,917.66</u>	<u>118,380.38</u>	<u>126,298.04</u>	<u>60,022.93</u>

8. Flag Day Fund

	2016 HK\$	2015 HK\$
Balance at beginning of year	1,354,362.33	1,452,143.79
<u>Add: Funds from Flag Day on 30 May 2015</u>	763,692.70	---
Bank interest	1,600.57	7,759.79
Donation received	1,000.00	500.00
	<u>2,120,655.60</u>	<u>1,460,403.58</u>
<u>Less: Expenditure from Flag Day</u> on 30 May 2015	(67,874.50)	---
Transfer to General Fund	(384,358.75)	(105,641.25)
Sundry expenses	(2,120.00)	(400.00)
	<u>1,666,302.35</u>	<u>1,354,362.33</u>

9. Programme Fund

	2016 HK\$	2015 HK\$
Balance at beginning of year	62,572.00	583,043.30
Funds received during year	---	62,575.40
<u>Less: Utilised during year</u>	(62,572.00)	(583,046.70)
Balance at end of year	<u>---</u>	<u>62,572.00</u>



INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
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SOCIAL CONCERN DEPARTMENT

NOTES ON ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2016

10. Social Service Development Fund

	<u>2016</u> HK\$	<u>2015</u> HK\$
Balance at beginning of year	475,349.86	475,303.42
<u>Add:</u> Subsidies received from District Board during year	<u>31.07</u>	<u>46.44</u>
Balance at end of year	<u>475,380.93</u>	<u>475,349.86</u>

11. Elderly Service Department Fund

	<u>2016</u> HK\$	<u>2015</u> HK\$
Balance at beginning of year	100,000.00	---
<u>Add:</u> Subsidies received from District Board during year	<u>---</u>	<u>100,000.00</u>
Balance at end of year	<u>100,000.00</u>	<u>100,000.00</u>

12. Government Subvention Surplus Refundable

They represent government subvention surplus refundable.

13. Statement of Changes in Equity Funds

	<u>2016</u> HK\$	<u>2015</u> HK\$
Total balances of all Equity Funds at beginning of year	3,669,223.83	3,902,812.54
<u>Add:</u> Increase/(decrease) for the year		
General Fund	49,597.85	(58,659.15)
Central Development Fund	21,081.00	23,059.30
Long Term Finance Viability Fund	494,551.87	301,306.91
MPF Contribution Fund	66,275.11	18,910.55
Flag Day Fund	311,940.02	(97,781.46)
Programme Fund	(62,572.00)	(520,471.30)
Social Service Development Fund	31.07	46.44
Elderly Service Development Fund	<u>---</u>	<u>100,000.00</u>
Total balances of all Equity Funds at end of year	<u>4,550,128.75</u>	<u>3,669,223.83</u>

14. Comparative Figures

Due to adjustment of prior year subvention surplus in MPF Contribution Fund by the Social Welfare Department, the related comparatives figures have been adjusted accordingly.