

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT**  
**AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2011**



**Lee & Yu** Certified Public Accountants

**李志輝 · 余仲良 會計師事務所**



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**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**  
**(LIMITED BY GUARANTEE)**

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**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**BOARD OF DIRECTORS**

Chan Choy How Wah	Lam Koon Cheung	Ng Wai
Chan Hon Chung	Lau Chi Kau	Ng Yu Lam
Chan Lap Yan	Lau Kam Sing	Tang Wai Ming
Chan Siu Hoo	Lau Lai Ming, Alex	Tang Wan Chi, Rita
Chan Yu Kwong	Lee Man Fong	Tong Hin Sum
Cheung Chi Kuen	Lee Man Yuk	Tsang Ling Sin
Cheung Mi Mee	Lee Shui Tat, Kevin	Tse Ai Wei
Cheung Yiu Fai	Lee Shui Wing, Luke	Wong Wang Tong
Chung Hon Kam	Leung Chi Keung	Wong Yim Fun
Co Shu Wong, David	Liu Chi Ming	Yeung Chor Sing
Fok Ka Leung, Ryan	Liu Yuk Lan	Yeung Kin Keung, William
Fung Hon Man	Lui Hing Tong	Yeung Kwok Wai
Lai Chi Sang	Ma King Tai	Yeung Loom Kit, Joseph
Lai Yu Fu	Ng Chi Sum	Yip Chor Kin, Toby

**DIRECTORS' REPORT**

The directors submit their annual report together with the audited financial statements for the year ended 30th September 2011.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are charitable purposes and to preach and promote Christian Evangelism.

**RESULTS AND APPROPRIATIONS**

The results of the Company for the year ended 30th September 2011 are set out in the statement of comprehensive income on page 7.

**DONATIONS**

During the year, the Company made charitable and other donations of HKD38,450 (2010: HKD16,888).

**PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in property, plant and equipment during the year are set out in note 11 to the financial statements.

## SHARE CAPITAL

The Company is limited by guarantee and consequently has no share capital. Every member of the church is limited to contribute to the assets of the Company in the event of it being wound up during the time of their membership or within one year of ceasing to be a member. Such contribution is not to exceed HKD100 per member.

## DIRECTORS

The directors who held office during the year and up to the date of this report were :-

Chan Choy How Wah	
Chan Hon Chung	
Chan Lap Yan	
Chan Siu Hoo	(appointed on 16th September 2012)
Chan Wai Hong	(appointed on 3rd October 2010 and resigned on 16th September 2012)
Chan Wui Po	(resigned on 3rd October 2010)
Chan Yik Wang, Derik	(resigned on 3rd October 2010)
Chan Yu Kwong	(appointed on 1st January 2011)
Chang Wai Yip	(resigned on 3rd October 2010)
Cheung Chi Kuen	
Cheung Mi Mee	
Cheung Siu Ming, Samuel	(resigned on 1st March 2012)
Cheung Yiu Fai	
Chun Man Cheong	(resigned on 29th November 2010)
Chung Hon Kam	(appointed on 3rd October 2010)
Co Shu Wong, David	
Fok Ka Leung, Ryan	(appointed on 16th September 2012)
Fung Hon Man	
Hui Yet Fen	(resigned on 3rd October 2010)
Kwok Ying Lun	(resigned on 15th October 2011)
Lai Chi Sang	
Lai Yu Fu	
Lam Koon Cheung	(appointed on 16th September 2012)
Lau Chi Kau	
Lau Kam Sing	
Lau Lai Ming, Alex	(appointed on 1st March 2012)
Lau Suk Wa, Mini	(resigned on 3rd October 2010)
Lee Man Fong	(appointed on 16th September 2012)
Lee Man Yuk	
Lee Shui Tat, Kevin	
Lee Shui Wing, Luke	
Leung Chi Keung	
Li Kwok Tsing	(resigned on 16th September 2012)
Liu Chi Ming	
Liu Kam Yin, Ken	(resigned on 3rd October 2010)
Liu Yuk Lan	
Lui Hing Tong	
Ma King Tai	(appointed on 1st April 2011)
Ng Chi Sum	(appointed on 3rd October 2010)
Ng Wai	
Ng Yu Lam	

## **DIRECTORS (CONT'D)**

The directors who held office during the year and up to the date of this report were :- (cont'd)

Ngai Ka Chun	(resigned on 31st October 2010)
Tang Pak Kan	(appointed on 3rd October 2010 and resigned on 31st May 2011)
Tang Wai Ming	
Tang Wan Chi, Rita	
Tong Hin Sum	
Tsang Ling Sin	(re-appointed on 3rd October 2010)
Tse Ai Wei	(appointed on 16th September 2012)
Tse Yuk Lan	(resigned on 3rd October 2010)
Wong Pui Kuen, Sabrina	(appointed on 3rd October 2010 and resigned on 16th September 2012)
Wong Wang Tong	
Wong Yim Fun	(appointed on 3rd October 2010)
Yeung Chor Sing	(appointed on 3rd October 2010)
Yeung Kin Huen	(resigned on 16th September 2012)
Yeung Kin Keung, William	
Yeung Kwok Wai	
Yeung Loom Kit, Joseph	
Yip Chor Kin, Toby	(appointed on 3rd October 2010)
Yip Kai Sui	(resigned on 3rd October 2010)
陳運生	(resigned on 3rd October 2010)
倪瑤鳳	(resigned on 3rd October 2010)

In accordance with Article 39 of the Company's Articles of Association, all directors shall retire from office at the forthcoming annual general meeting and shall be eligible for re-election.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Company's business to which the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

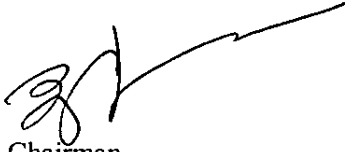
## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## AUDITORS

The financial statements have been audited by Lee & Yu, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board

A handwritten signature in black ink, consisting of a stylized 'L' followed by a long horizontal stroke that curves upwards at the end.

Chairman

Hong Kong, 28th March 2013



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION  
LIMITED**

**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

*(Incorporated in Hong Kong with limited liability)*

We have audited the financial statements of Yuen Long District Christian Churches Union Limited ("the Company") set out on pages 7 to 18, which comprise the statement of financial position as at 30th September 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

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**Yuen Long Branch 元朗分行**

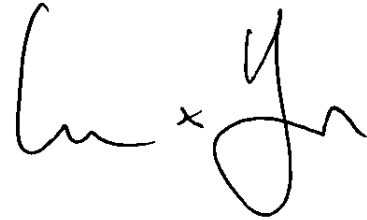
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### Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30th September 2011, and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

A handwritten signature in black ink, consisting of two distinct parts separated by a small 'x' mark. The first part is a cursive 'L' followed by a horizontal line. The second part is a cursive 'Y' followed by a vertical line and a loop.

LEE & YU

Certified Public Accountants

22/F.,  
Guangdong Finance Building,  
88 Connaught Road West,  
Sheung Wan, Hong Kong.

28th March 2013



**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2011**

**(EXPRESSED IN HONG KONG DOLLARS)**

	Note	<u>2011</u>	<u>2010</u>
<b>Revenue</b>	6	131,118	141,626
Other revenue	7	204,221	177,951
Administrative expenses		( 93,981 )	( 48,942 )
Other operating expenses		<u>(311,319)</u>	<u>(249,833)</u>
<b>(Deficit)/surplus for the year</b>	8	( 69,961 )	20,802
<b>Other comprehensive income for the year, net of tax</b>		_____ -	_____ -
<b>Total comprehensive (loss)/income for the year</b>		<u>( 69,961 )</u>	<u>20,802</u>

The accompanying notes form an integral part of these financial statements.

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

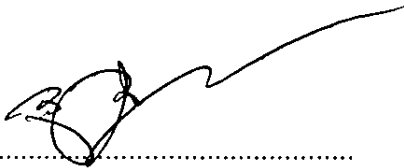
**(LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2011**

**(EXPRESSED IN HONG KONG DOLLARS)**

	Note	<u>2011</u>	<u>2010</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	<u>5,399</u>	<u>2,683</u>
<b>Current assets</b>			
Prepayments		346	766
Cash and cash equivalents	12	<u>129,833</u>	<u>199,490</u>
		<u>130,179</u>	<u>200,256</u>
<b>Current liabilities</b>			
Accrued expenses		9,200	7,700
Receipts in advance		<u>1,100</u>	<u>-</u>
		<u>10,300</u>	<u>7,700</u>
<b>Net current assets</b>		<u>119,879</u>	<u>192,556</u>
<b>Net assets</b>		<u>125,278</u>	<u>195,239</u>
<b>Funds and reserves</b>			
General Fund		<u>125,278</u>	<u>195,239</u>

Approved by the board of directors on 28th March 2013

  
 .....  
 Director

  
 .....  
 Director

The accompanying notes form an integral part of these financial statements.

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2011**

**(EXPRESSED IN HONG KONG DOLLARS)**

	<u>General fund</u>
Balance at 30th September 2009	174,437
Total comprehensive income for the year	<u>20,802</u>
Balance at 30th September 2010	195,239
Total comprehensive loss for the year	<u>(69,961)</u>
Balance at 30th September 2011	<u>125,278</u>

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2011**

**(EXPRESSED IN HONG KONG DOLLARS)**

	Note	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>			
(Deficit)/surplus for the year		( 69,961 )	20,802
Adjustment for :			
Depreciation charge		3,291	1,790
Interest received		<u>          -</u>	<u>(          1)</u>
(Deficit)/surplus before working capital changes		( 66,670 )	22,591
Decrease/(increase) in prepayments		420	( 766 )
Increase/(decrease) in accrued expenses		1,500	( 4,100 )
Increase in receipts in advance		<u>1,100</u>	<u>          -</u>
<b>Net cash (used in)/generated from operating activities</b>		<u>( 63,650 )</u>	<u>17,725</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		( 6,007 )	-
Interest received		<u>          -</u>	<u>          1</u>
<b>Net cash (used in)/generated from investing activities</b>		<u>( 6,007 )</u>	<u>          1</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		( 69,657 )	17,726
<b>Cash and cash equivalents at beginning of the year</b>	12	<u>199,490</u>	<u>181,764</u>
<b>Cash and cash equivalents at end of the year</b>	12	<u>129,833</u>	<u>199,490</u>

The accompanying notes form an integral part of these financial statements.

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**

**(EXPRESSED IN HONG KONG DOLLARS)**

**1. CORPORATE INFORMATION**

Yuen Long District Christian Churches Union Limited (“the Company”) is a limited by guarantee company incorporated in Hong Kong. Every member of the church is limited to contribute to the assets of the Company in the event of it being wound up during the time of their membership or within one year of ceasing to be a member. Such contribution is not to exceed HKD100 per member. The registered office of the Company is at Room B, 1/F., Prosperous Building, 82 Shui Che Kwun Street, Yuen Long, N.T.

During the year, the Company’s principal activities are charitable purposes and to preach and promote Christian Evangelism.

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

In the current year, the Company has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to amendments to HKAS 27 and HKFRS 3
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs has had no material effect on the financial statements of the Company for the current or prior accounting periods.

The Company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvement to HKFRSs issued in 2010 in relation to Amendments to HKAS 1, HKAS 34, HKFRS 1, HKFRS 7 and HK(IFRIC) – INT 13 <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 - 2011 Cycle <sup>5</sup>

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONT’D)

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>4</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>3</sup>
HKAS 19 (Revised 2011)	Employee Benefits <sup>5</sup>
HKAS 24 (Revised 2009)	Related Party Disclosures <sup>1</sup>
HKAS 27 (Revised 2011)	Separate Financial Statements <sup>5</sup>
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>5</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>6</sup>
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>2</sup>
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans <sup>3</sup>
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets <sup>2</sup>
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>5</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>7</sup>
HKFRS 9	Financial Instruments <sup>7</sup>
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance <sup>5</sup>
HKFRS 10	Consolidated Financial Statements <sup>5</sup>
HKFRS 11	Joint Arrangements <sup>5</sup>
HKFRS 12	Disclosures of Interests in Other Entities <sup>5</sup>
HKFRS 13	Fair Value Measurement <sup>5</sup>
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>1</sup>
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine <sup>5</sup>

1 Effective for annual periods beginning on or after 1st January 2011

2 Effective for annual periods beginning on or after 1st July 2011

3 Effective for annual periods beginning on or after 1st January 2012

4 Effective for annual periods beginning on or after 1st July 2012

5 Effective for annual periods beginning on or after 1st January 2013

6 Effective for annual periods beginning on or after 1st January 2014

7 Effective for annual periods beginning on or after 1st January 2015

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Company.

## 3. PRINCIPAL ACCOUNTING POLICIES

### a) Basis of preparation of the accounts

The financial statements have been prepared on the historical cost convention and in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the Hong Kong Institute of Certified Public Accountants.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONT’D)

### b) Revenue recognition

#### i) Donation and membership income

Donation and membership income is recognised on a receipt basis.

#### ii) Other revenue from programs, seminars and other activities

Other revenue from programs, seminars and other activities are recognised upon completion of services provided.

#### iii) Interest income

Interest income is recognised on a time apportionment basis.

### c) Retirement benefit costs

The Company operates a defined contribution retirement scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

### d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provisions for impairment losses required to reflect recoverable amounts. Cost represents the purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent expenditure is capitalised when it is probable that future economic benefits will flow to the enterprise. All other subsequent expenditure, such as repairs and maintenance and overhaul costs, is recognised as an expense in the period in which it is incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment over their estimated useful lives, on the straight line basis, at the following annual rate:-

Furniture and fixtures	25%
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Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the item and are recognised in the statement of comprehensive income on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to general fund.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

#### e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for purpose of the statement of cash flows.

#### f) Trade and other receivables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised costs less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment for bad and doubtful debts.

#### g) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised costs unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### h) Impairment of other assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).



### 3. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

#### h) Impairment of other assets (cont'd)

- Recognition of impairment losses

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the statement of comprehensive income in the year in which the reversals are recognised.

### 4. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Management regularly manages the financial risks of the Company. Because of the simplicity of the financial structure and the current operations of the Company, no hedging activities are undertaken by management.

#### a) Financial risk factors

##### i) Foreign currency risk

The Company has no significant exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars.

##### ii) Interest rate risk

As the Company has no significant interest-bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

#### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

##### a) Financial risk factors (cont'd)

##### iii) Price risk

The Company is not exposed to equity securities price risk and commodity price risk.

##### iv) Credit risk

The Company has no significant concentrations of credit risk.

##### v) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirement to ensure that it maintains sufficient reserves of cash and adequate committed lines of funds from bank to meet its liquidity requirements in the short and longer terms.

##### b) Fair value estimation

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives and the estimated residual values, if any. The Company reviews the estimated useful lives and the estimated residual values, if any, of the assets regularly in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

##### b) Impairment of assets

The Company conducts impairment reviews of assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the value in use, which requires the Company to estimate the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. **REVENUE**

Revenue represents donations and membership received during the year.

7. **OTHER REVENUE**

	<u>2011</u>	<u>2010</u>
Bank interest income	-	1
Other revenue from programs, seminars and other activities	<u>204,221</u>	<u>177,950</u>
	<u>204,221</u>	<u>177,951</u>

8. **(DEFICIT)/SURPLUS FOR THE YEAR**

(Deficit)/surplus for the year is stated after crediting and charging the following :-

	<u>2011</u>	<u>2010</u>
<b>Crediting</b>		
Bank interest income	<u>—</u>	<u>1</u>
<b>Charging</b>		
Auditors' remuneration	5,000	-
Depreciation		
- owned assets	3,291	1,790
Directors' remuneration (note 10)	-	-
Retirement benefit costs	4,253	-
Staff costs (excluding directors' remuneration and retirement benefits costs)	<u>88,567</u>	<u>48,532</u>

9. **INCOME TAX**

The Company has been granted exemption from tax under Section 88 of the Inland Revenue Ordinance by reason of being a charitable institution of a public character. Accordingly, no provision for taxation has been made in these accounts.

10. **DIRECTORS' REMUNERATION**

None of the directors received or will receive any fees or emoluments in respect of their services to the Company during the year (2010: Nil).

## 11. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture &amp; fixtures</u>	<u>Total</u>
Cost		
At 30th September 2009 and 2010	7,158	7,158
Additions	<u>6,007</u>	<u>6,007</u>
At 30th September 2011	<u>13,165</u>	<u>13,165</u>
Accumulated depreciation		
At 30th September 2009	2,685	2,685
Charge for the year	<u>1,790</u>	<u>1,790</u>
At 30th September 2010	4,475	4,475
Charge for the year	<u>3,291</u>	<u>3,291</u>
At 30th September 2011	<u>7,766</u>	<u>7,766</u>
Net book value		
At 30th September 2011	<u>5,399</u>	<u>5,399</u>
At 30th September 2010	<u>2,683</u>	<u>2,683</u>

## 12. CASH AND CASH EQUIVALENTS

	<u>2011</u>	<u>2010</u>
Cash and bank balances	<u>129,833</u>	<u>199,490</u>
Cash and cash equivalents as stated	<u>129,833</u>	<u>199,490</u>

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**

**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**MANAGEMENT ACCOUNTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2011**

**For Management Information Only**



**Lee & Yu** Certified Public Accountants

**李志輝 · 余仲良 會計師事務所**

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**DETAILED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2011**

**(EXPRESSED IN HONG KONG DOLLARS)**

**For Management Information Only**

	<u>2011</u>	<u>2010</u>
<b>REVENUE</b>		
Donation income	69,568	90,351
Membership income	<u>61,550</u>	<u>51,275</u>
	<u>131,118</u>	<u>141,626</u>
<b>ADD : OTHER REVENUE</b>		
Bank interest income	-	1
Other revenue from programs, seminars and other activities	<u>204,221</u>	<u>177,950</u>
	<u>204,221</u>	<u>177,951</u>
	<u>335,339</u>	<u>319,577</u>
<b>LESS : EXPENDITURE (APPENDIX)</b>		
Administrative expenses	93,981	48,942
Other operating expenses	<u>311,319</u>	<u>249,833</u>
	<u>405,300</u>	<u>298,775</u>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>	<u>(69,961)</u>	<u>20,802</u>

**YUEN LONG DISTRICT CHRISTIAN CHURCHES UNION LIMITED**  
**元朗區基督教聯會有限公司**

**(LIMITED BY GUARANTEE)**

**OVERHEAD EXPENSES**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2011**

**(EXPRESSED IN HONG KONG DOLLARS)**

**For Management Information Only**

	<u>2011</u>	<u>2010</u>
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Staff</b>		
Mandatory provident fund contributions	4,253	-
Salaries and allowances	<u>88,567</u>	<u>48,532</u>
	<u>92,820</u>	<u>48,532</u>
<b>Premises</b>		
Office expenses	620	210
Sundry expenses	<u>541</u>	<u>200</u>
	<u>1,161</u>	<u>410</u>
	<u>93,981</u>	<u>48,942</u>
<b>OTHER OPERATING EXPENSES</b>		
<b>Communications</b>		
Postage and courier	797	1,042
Printing and stationery	1,755	1,530
Telephone, fax and internet	<u>890</u>	<u>1,098</u>
	<u>3,442</u>	<u>3,670</u>
<b>Financial and other expenses</b>		
Advertising and promotion	3,905	-
Auditors' remuneration	5,000	-
Bank charges	150	450
Depreciation	3,291	1,790
Donations	38,450	16,888
Etiquette	2,350	2,970
Insurance	5,546	5,547
Programs, seminars and other activities	<u>248,502</u>	<u>217,978</u>
	<u>307,194</u>	<u>245,623</u>
<b>Travelling and entertainment</b>		
Entertainment	500	522
Local travelling	<u>183</u>	<u>18</u>
	<u>683</u>	<u>540</u>
	<u>311,319</u>	<u>249,833</u>