

Ref: Y016

**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 2017**



**Lee & Yu** Certified Public Accountants

**李志輝 · 余仲良 會計師事務所**

In association with | CAC CPA LIMITED | 中审华会计师事务所



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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	Lai Yu Fu	Tang Kim Sung
Chan Hon Chung	Lam Kin Kwan	Tang Wai Ming
Chan Lai Hing	Lau Kam Sing	Tang Yuk Fan
Chan Siu Hoo	Lau Shiu Por	Tsang Chiu Choi
Chan Yu Kwong	Lau Yau Shing, Ricky	Tsang Yui Kwai
Cheah Mei Lan	Lau Yuk Chun	Tse Ai Wei, Amy
Cheng Tze Tak	Law Kit Choi	Wong Cheuk Fan
Cheung Chi Kuen	Lee Man Yuk	Wong Koon Chun
Cheung Kwong Foo	Lee Ping Fai	Wong Lok Hang
Cheung Yiu Fai	Lee Shui Tat, Kevin	Wong Pui Kuen, Sabrina
Chow Wing Fu	Lee Shui Wing, Luke	Wong Wah Hing
Chow Yin Ching, Alex	Liu Yuk Lan	Wong Wing Hong
Chung Hon Kam	Lui Hing Tong	Wong Yim Fun
Hui Kwok Fai	Ma King Tai	Yeung Kin Keung, William
Kan Pui Yi	Pang Pui Kong	Yeung Kwok Wai

**DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30th September 2017.

**PRINCIPAL ACTIVITIES**

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

**RESULTS**

The results of the Company for the year ended 30th September 2017 are set out in the statement of comprehensive income on page 8.

**DONATIONS**

During the year, the Company made charitable and other donations of HKD24,830 (2016: HKD27,157).

## SHARES ISSUED

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 Lai Hing	
Chan Siu Hoo	(appointed on 1st March 2017)
Chan Yu Kwong	
Cheah Mei Lan	(appointed on 1st March 2017)
Cheng Tze Tak	
Cheung Chi Kuen	
Cheung Kwong Foo	(appointed on 10th June 2017)
Cheung Mi Mee	(resigned on 1st December 2017)
Cheung Yiu Fai	
Chim Kwok On	(resigned on 1st March 2017)
Chow Wing Fu	
Chow Yin Ching, Alex	
Chung Hon Kam	
Co Shu Wong, David	(resigned on 10th June 2017)
Hui Kwok Fai	
Kan Pui Yi	(appointed on 21st November 2017)
Lai Yu Fu	
Lam Kin Kwan	
Lau Kam Sing	
Lau Shiu Por	
Lau Yau Shing, Ricky	
Lau Yuk Chun	
Law Kit Choi	
Lee Man Yuk	
Lee Ping Fai	
Lee Shui Tat, Kevin	
Lee Shui Wing, Luke	
Li Chung Sang	(resigned on 1st March 2017)
Liu Yuk Lan	
Lui Hing Tong	
Ma King Tai	
Ngai Suk Yin	(resigned on 21st November 2017)
Pang Pui Kong	
Tang Kim Sung	
Tang Wai Ming	
Tang Yuk Fan	
Tsang Chiu Choi	
Tsang Yui Kwai	(appointed on 1st December 2017)
Tse Ai Wei, Amy	
Wong Cheuk Fan	
Wong Koon Chun	

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

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

Wong Lok Hang	
Wong Pui Kuen, Sabrina	
Wong Wah Hing	(appointed on 1st January 2017)
Wong Wing Hong	
Wong Yim Fun	
Yeung Kin Keung, William	
Yeung Kwok Wai	(resigned on 1st January 2017)

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 TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

No transactions, arrangements and 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, DEBENTURES OR ANY SPECIFIED UNDERTAKINGS**

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 its specified undertakings 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.

## **BUSINESS REVIEW**

The Company falls within the reporting exemption for the year. Accordingly, the Company is exempted from preparing a business review.

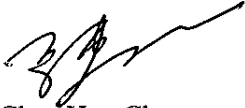
## **PERMITTED INDEMNITY PROVISIONS**

At no time during the year and up to the date of this report were there any permitted indemnity provisions in force for the benefit of any of the directors of the Company.

## 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



Chan Hon Chung

Hong Kong, 4th April 2018



Lee & Yu Certified Public Accountants

李志輝 · 余仲良 會計師事務所

In association with | CAC CPA LIMITED | 中审华会计师事务所



Lee & Yu  
International  
理登国际

**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)*

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Yuen Long District Christian Churches Union Limited ("the Company") set out on pages 8 to 19, which comprise the statement of financial position as at 30th September 2017, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30th September 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors are responsible for the other information. The other information comprises the directors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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## **Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Directors for the Financial Statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

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

The directors are also responsible for overseeing the Company's financial reporting process.

## **Auditors' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

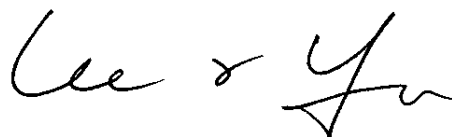
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 also communicate with directors 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.



LEE & YU

Certified Public Accountants

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

4th April 2018

**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 2017**

**(EXPRESSED IN HONG KONG DOLLARS)**

	Note	<u>2017</u>	<u>2016</u>
<b>Revenue</b>	6	245,898	261,589
Other revenue	7	208,596	283,768
Administrative expenses		(171,157)	(166,145)
Other operating expenses		<u>(278,623)</u>	<u>(406,370)</u>
<b>Surplus/(deficit) for the year</b>	8	4,714	( 27,158)
<b>Other comprehensive income for the year, net of tax</b>		_____ -	_____ -
<b>Total comprehensive income/(loss) for the year</b>		<u>4,714</u>	<u>( 27,158)</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**

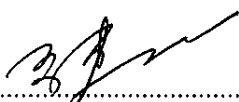
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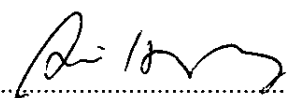
**STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2017**

**(EXPRESSED IN HONG KONG DOLLARS)**

	Note	<u>2017</u>	<u>2016</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	—	—
<b>Current assets</b>			
Prepayments		49	77
Cash and cash equivalents	12	<u>52,519</u>	<u>48,876</u>
		<u>52,568</u>	<u>48,953</u>
<b>Current liabilities</b>			
Accrued expenses		6,321	7,321
Receipts in advance		<u>24,460</u>	<u>24,559</u>
		<u>30,781</u>	<u>31,880</u>
<b>Net current assets</b>		<u>21,787</u>	<u>17,073</u>
<b>Net assets</b>		<u>21,787</u>	<u>17,073</u>
<b>Funds and reserves</b>			
General fund		<u>21,787</u>	<u>17,073</u>

Approved by the board of directors on 4th April 2018

  
.....  
Chan Hon Chung

  
.....  
Lui Hing Tong

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 FUNDS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2017**

**(EXPRESSED IN HONG KONG DOLLARS)**

	<u>General fund</u>
Balance at 30th September 2015	44,231
Total comprehensive loss for the year	<u>(27,158)</u>
Balance at 30th September 2016	17,073
Total comprehensive income for the year	<u>4,714</u>
Balance at 30th September 2017	<u>21,787</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 2017**

**(EXPRESSED IN HONG KONG DOLLARS)**

	Note	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>			
Surplus/(deficit) for the year		4,714	(27,158)
Adjustment for :			
Interest received		( 1 )	( 2 )
Surplus/(deficit) before working capital changes		4,713	(27,160)
Decrease in prepayments		28	7,582
Decrease in accrued expenses		( 1,000 )	( 400 )
Decrease in receipts in advance		( 99 )	(15,987)
<b>Net cash generated from/(used in) operating activities</b>		<u>3,642</u>	<u>(35,965)</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>1</u>	<u>2</u>
<b>Net cash generated from investing activities</b>		<u>1</u>	<u>2</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		3,643	(35,963)
<b>Cash and cash equivalents at beginning of the year</b>	12	<u>48,876</u>	<u>84,839</u>
<b>Cash and cash equivalents at end of the year</b>	12	<u>52,519</u>	<u>48,876</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)	Annual Improvements to HKFRSs 2012 - 2014 Cycle
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture : Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities : Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

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.

HKAS 7 (Amendments)	Disclosure Initiative <sup>1</sup>
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
HKAS 40 (Amendments)	Transfers of Investment Property <sup>2</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014 – 2016 Cycle <sup>4</sup>
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
HKFRS 4 (Amendments)	Insurance Contracts <sup>2</sup>

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

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contributions of Assets Between an Investor and its Associate or Joint Venture <sup>5</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration <sup>2</sup>

- 1 Effective for annual periods beginning on or after 1st January 2017.
- 2 Effective for annual periods beginning on or after 1st January 2018.
- 3 Effective for annual periods beginning on or after 1st January 2019.
- 4 Effective for annual periods beginning on or after 1st January 2017 or 1st January 2018, as appropriate.
- 5 Effective for annual periods beginning on or after a date to be determined.

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 under 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.

### 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.

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

#### 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.

#### 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) Other receivables

Other receivable 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) Other payables

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.



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

#### h) Impairment of 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).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss 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 profit or loss 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.

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>2017</u>	<u>2016</u>
Bank interest income	1	2
Other revenue from programs, seminars and other activities	<u>208,595</u>	<u>283,766</u>
	<u>208,596</u>	<u>283,768</u>

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

Surplus/(deficit) for the year is stated after crediting and charging the following :-

	<u>2017</u>	<u>2016</u>
<b>Crediting</b>		
Bank interest income	<u>1</u>	<u>2</u>
<b>Charging</b>		
Auditors' remuneration	5,400	5,400
Directors' remuneration (note 10)	-	-
Retirement benefit costs	7,877	7,577
Staff costs (excluding directors' remuneration and retirement benefits costs)	<u>157,542</u>	<u>151,531</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 (2016: Nil).

## 11. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fixtures</u>	<u>Total</u>
Cost		
At 30th September 2015, 2016 and 2017	<u>13,165</u>	<u>13,165</u>
Accumulated depreciation		
At 30th September 2015, 2016 and 2017	<u>13,165</u>	<u>13,165</u>
Net book value		
At 30th September 2017	<u>-</u>	<u>-</u>
At 30th September 2016	<u>-</u>	<u>-</u>

12. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Cash and bank balances	<u>52,519</u>	<u>48,876</u>
Cash and cash equivalents as stated	<u>52,519</u>	<u>48,876</u>

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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)**

**MANAGEMENT ACCOUNTS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2017**

**For Management Information Only**



**Lee & Yu** Certified Public Accountants

**李志輝 · 余仲良** 會計師事務所

In association with | CAC CPA LIMITED | 中审华会计师事务所

**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 2017**

**(EXPRESSED IN HONG KONG DOLLARS)**

**For Management Information Only**

	<u>2017</u>	<u>2016</u>
<b>REVENUE</b>		
Donation income	165,498	178,589
Membership income	<u>80,400</u>	<u>83,000</u>
	<u>245,898</u>	<u>261,589</u>
<b>ADD : OTHER REVENUE</b>		
Bank interest income	1	2
Other revenue from programs, seminars and other activities	<u>208,595</u>	<u>283,766</u>
	<u>208,596</u>	<u>283,768</u>
	<u>454,494</u>	<u>545,357</u>
<b>LESS : EXPENDITURE (APPENDIX)</b>		
Administrative expenses	171,157	166,145
Other operating expenses	<u>278,623</u>	<u>406,370</u>
	<u>449,780</u>	<u>572,515</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<u>4,714</u>	<u>( 27,158)</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 2017**

**(EXPRESSED IN HONG KONG DOLLARS)**

**For Management Information Only**

	<u>2017</u>	<u>2016</u>
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Staff</b>		
Mandatory provident fund contributions	7,877	7,577
Salaries and allowances	<u>157,542</u>	<u>151,531</u>
	<u>165,419</u>	<u>159,108</u>
<b>Premises</b>		
Office expenses	4,014	4,755
Sundry expenses	<u>1,724</u>	<u>2,282</u>
	<u>5,738</u>	<u>7,037</u>
	<u>171,157</u>	<u>166,145</u>
<b>OTHER OPERATING EXPENSES</b>		
<b>Communications</b>		
Postage and courier	565	487
Printing and stationery	1,360	4,002
Telephone, fax and internet	<u>1,430</u>	<u>1,560</u>
	<u>3,355</u>	<u>6,049</u>
<b>Financial and other expenses</b>		
Advertising and promotion	3,474	-
Auditors' remuneration	5,400	5,400
Bank charges	350	810
Donations	24,830	27,157
Etiquette	6,850	2,200
Insurance	8,226	7,246
Programs, seminars and other activities	<u>218,430</u>	<u>348,450</u>
	<u>267,560</u>	<u>391,263</u>
<b>Travelling and entertainment</b>		
Entertainment	7,600	8,659
Local travelling	<u>108</u>	<u>399</u>
	<u>7,708</u>	<u>9,058</u>
	<u>278,623</u>	<u>406,370</u>