

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2014



何祐康會計師事務所
ALFRED HO & CO.
Certified Public Accountants

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

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THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements for the year ended March 31, 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Fellowship are to promote, support, contribute to and assist any Christian activities or acts of related charity, in particular, to the workers of the catering industry. In addition, the Fellowship are to provide for the care, supervision and rehabilitation of recovered psychiatric patients and offenders, to establish the catering training platform for the purpose of providing community education for the recovered psychiatric patients and the offenders.

RESULTS AND APPROPRIATIONS

The state of affairs of the Fellowship as at March 31, 2014, and of its results for the year then ended are set out in the financial statements on pages 3 to 10.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment is shown in note 4 to the financial statements.

DONATIONS

During the year, the Fellowship made charitable donations amounting to HK\$44,000 (2013: HK\$37,500).

DIRECTORS

The directors of the Fellowship during the year and up to the date of this report were:

HO Chi Dik, Peter
LAM Man Ngok
LI Wai Kin
MAN Wai Po
ONG Yee Chuan
SIU Ching Chung
SIU Ding Kwok, David

Pursuant to Article 43(c) of the Fellowship's articles of association, all directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Fellowship did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Fellowship, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Fellowship.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

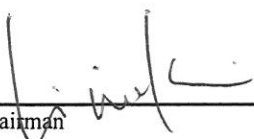
DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Fellowship was a party and in which a director of the Fellowship had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

AUDITORS

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

For and on behalf of the Board



Chairman

Hong Kong, November 6, 2014



何祐康: 香港會計師公會及稅務學會資深會員
註冊稅務師 加拿大特許會計師

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE CATERING EVANGELISTIC FELLOWSHIP LIMITED**
(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of The Catering Evangelistic Fellowship Limited (the "Fellowship") set out on pages 3 to 10, which comprise the statement of financial position as at March 31, 2014, and the statement of income and accumulated surplus, 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 the Hong Kong Financial Reporting Standard for Private Entities 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, in accordance with Section 80 of Schedule 11 to the Companies Ordinance (Cap. 622), 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fellowship's affairs as at March 31, 2014, and of its surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Companies Ordinance.

Alfred Ho & Co.
Certified Public Accountants

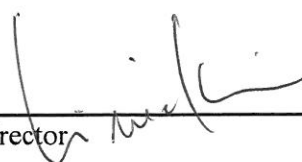
Hong Kong, November 6, 2014

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

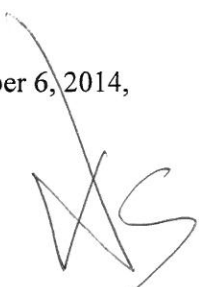
**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014**

| | Note | 2014 HK\$ | 2013 HK\$ |
|--|------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | <u>8,331,785</u> | <u>8,681,628</u> |
| CURRENT ASSETS | | | |
| Account receivables | | 20,031 | 68,039 |
| Deposits, prepaids and other receivables | | 218,552 | 65,942 |
| Cash in bank and on hand | | 1,313,094 | 863,573 |
| | | <u>1,551,677</u> | <u>997,554</u> |
| CURRENT LIABILITIES | | | |
| Loans from directors | 5 | 40,000 | 124,210 |
| Other loans | 5 | 290,000 | 440,000 |
| Account payables | | 254,371 | 252,067 |
| Accruals and other payables | | 473,111 | 457,779 |
| Receipts in advance | | 111,637 | 76,185 |
| | | <u>1,169,119</u> | <u>1,350,241</u> |
| NET CURRENT ASSETS / (LIABILITIES) | | <u>382,558</u> | <u>(352,687)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 8,714,343 | 8,328,941 |
| NON-CURRENT LIABILITIES | | | |
| Mortgage loan | 6 | (7,100,000) | (7,430,000) |
| NET ASSETS | | <u>1,614,343</u> | <u>898,941</u> |
| REPRESENTING | | | |
| Accumulated surplus | | <u>1,614,343</u> | <u>898,941</u> |

Approved by the Board of Directors on November 6, 2014,



Director



Director

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**STATEMENT OF INCOME AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2014**

| | Note | 2014 HK\$ | 2013 HK\$ |
|--------------------------------------|------|-------------------------|-----------------------|
| Income | | | |
| Catering income | | 12,678,655 | 11,897,810 |
| Donation income | | 1,053,698 | 1,194,619 |
| Other income | | 176,902 | 154,040 |
| Interest income | | 656 | 4 |
| | | <u>13,909,911</u> | <u>13,246,473</u> |
| Expenditures | | | |
| Operating expenses | | 12,592,230 | 11,789,309 |
| Donation payouts | | 44,000 | 37,500 |
| General and administrative expenses | | 387,552 | 739,348 |
| Finance expenses | | 170,727 | 174,600 |
| | | <u>13,194,509</u> | <u>12,740,757</u> |
| Net surplus for the year | 7 | 715,402 | 505,716 |
| Accumulated surplus at start of year | | <u>898,941</u> | <u>393,225</u> |
| Accumulated surplus at end of year | | <u><u>1,614,343</u></u> | <u><u>898,941</u></u> |

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014**

| | Note | 2014 HK\$ | 2013 HK\$ |
|---|------|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net surplus for the year | | 715,402 | 505,716 |
| Adjustment for: | | | |
| - Depreciation | 4 | 744,047 | 706,618 |
| - Interest income | | (656) | (4) |
| - Finance expenses | | <u>(170,727)</u> | <u>(174,600)</u> |
| Operating surplus before changes in working capital | | 1,288,066 | 1,037,730 |
| - Decrease / (Increase) in account receivables | | 48,008 | (43,020) |
| - (Increase) / Decrease in deposits, prepaids and other receivables | | (152,610) | 2,748 |
| - Increase in account payables | | 2,304 | 3,951 |
| - Increase / (Decrease) in accruals and other payables | | 15,332 | (277,335) |
| - Increase / (Decrease) in receipts in advance | | 35,452 | (40,124) |
| Cash generated from operations | | <u>1,236,552</u> | <u>683,950</u> |
| Interest paid | | 170,727 | 174,600 |
| Net cash inflow from operating activities | | <u>1,407,279</u> | <u>858,550</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Interest received | | 656 | 4 |
| Purchase of property, plant and equipment | 4 | (394,204) | (71,110) |
| Net cash outflow from investing activities | | <u>(393,548)</u> | <u>(71,106)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Decrease in loans from directors | | (84,210) | (40,000) |
| Decrease in other loans | | (150,000) | (306,000) |
| Decrease in mortgage loan | | (330,000) | - |
| Net cash outflow from financing activities | | <u>(564,210)</u> | <u>(346,000)</u> |
| NET CASH INFLOW | | 449,521 | 441,444 |
| CASH AND CASH EQUIVALENTS | | | |
| At beginning of year | | 863,573 | 422,129 |
| At end of year | | <u>1,313,094</u> | <u>863,573</u> |
| CASH AND CASH EQUIVALENTS CONSIST OF: | | | |
| Cash in bank and on hand | | <u>1,313,094</u> | <u>863,573</u> |

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Catering Evangelistic Fellowship Limited (the "Fellowship"), a company incorporated in Hong Kong with liability limited by guarantee, is a registered charitable institution. The income and property of the Fellowship, wheresoever derived, is applied solely towards the promotion of the objects set out in the Fellowship's memorandum of association. The Fellowship's funds are not distributable to its members. Every member of the Fellowship undertakes to contribute, if required, an amount not exceeding HK\$100 to the assets of the Fellowship in the event of its being wound up.

The principal activities of the Fellowship are to promote, support, contribute to and assist any Christian activities or acts of related charity, in particular, to the workers of the catering industry. In addition, the Fellowship are to provide for the care, supervision and rehabilitation of recovered psychiatric patients and offenders, to establish the catering training platform for the purpose of providing community education for the recovered psychiatric patients and the offenders.

The registered office of the Fellowship is located at Flat C, 2/F., Mai Tak Industrial Building, 221 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants. These financial statements also comply with the applicable requirements of the Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. They have been prepared under the historical cost convention, as modified by the revaluation of investment property at fair value.

These financial statements are presented in Hong Kong Dollars which is the Fellowship's functional and presentational currency.

(a) Property, plant and equipment

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

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. The following annual rates are used for the depreciation of property, plant and equipment:

| | |
|---|---|
| Leasehold land held for own use under a finance lease | Over the lease terms |
| Buildings held for own use | Over the lease terms of the leasehold land |
| Leasehold improvement | 20% |
| Furniture, fixtures and equipment | 20% |

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

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS

(b) Impairment of assets

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of income and accumulated surplus.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the statement of income and accumulated surplus.

(c) Account receivables

Account receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method (except for short-term receivables with no stated interest rate and the effect of discounting being immaterial, they are measured at their transaction price), less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

(d) Cash and cash equivalents

For the purpose of statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts, if any.

(e) Account and other payables

Account and other payables are recognized initially at the transaction price and subsequently measured at amortised cost using the effective interest method, except for short-term payables with no stated interest and the effect of discounting being immaterial, they are stated at their transaction price.

(f) Borrowings

Borrowings are recognized initially at the transaction price and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the Fellowship has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS

(g) 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 Fellowship as follows:

- i) Donation is recognized on a cash basis.
- ii) Catering income is recognized upon rendering of sales.
- iii) Interest income is recognized on a time proportionate basis, taking into account the principal amounts outstanding and the effective interest rates applicable.
- iv) Other income is recognized mainly on accrual basis.

(h) Borrowing costs

All borrowing costs are recognized as an expense in the period in which they are incurred.

(i) Employee benefits obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(j) Leases

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 Fellowship. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the Fellowship at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. 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 statement of income and accumulated surplus on a straight-line basis over the term of the relevant lease.

3. KEY SOURCE OF ESTIMATION UNCERTAINTY

The Fellowship's management makes assumptions, estimates and judgements in the process of applying the Fellowship's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRS for Private Entities. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land & building HK\$ | Leasehold improvement HK\$ | Furniture, fixtures & equipment HK\$ | Total HK\$ |
|---------------------------------|---|----------------------------------|---|-------------------|
| <u>Cost</u> | | | | |
| At March 31, 2013 | 7,441,375 | 1,612,097 | 949,219 | 10,002,691 |
| Additions | - | 151,250 | 242,954 | 394,204 |
| At March 31, 2014 | <u>7,441,375</u> | <u>1,763,347</u> | <u>1,192,173</u> | <u>10,396,895</u> |
| <u>Accumulated depreciation</u> | | | | |
| At March 31, 2013 | 442,000 | 556,096 | 322,967 | 1,321,063 |
| Charge for the year | 204,000 | 333,455 | 206,592 | 744,047 |
| At March 31, 2014 | <u>646,000</u> | <u>889,551</u> | <u>529,559</u> | <u>2,065,110</u> |
| <u>Net carrying amount</u> | | | | |
| At March 31, 2014 | <u>6,795,375</u> | <u>873,796</u> | <u>662,614</u> | <u>8,331,785</u> |
| At March 31, 2013 | <u>6,999,375</u> | <u>1,056,001</u> | <u>626,252</u> | <u>8,681,628</u> |

The leasehold land and building have been pledged against mortgage loan.

The leasehold land held for own use under finance lease is held in Hong Kong under medium-term lease.

5. LOANS FROM DIRECTORS AND OTHER LOANS

The loans from directors and other loans are unsecured, interest free and have no fixed terms of repayment.

6. MORTGAGE LOAN

The mortgage loan is secured by the Fellowship's land and building, interest bearing and fully repayable within 10 years from the date of the loan, January 18, 2011. The mortgagee agrees not to demand repayment within the ten-year period. The mortgagor and the mortgagee can renegotiate the repayment terms one year before the maturity of the loan.

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS

7. NET SURPLUS FOR THE YEAR

Net surplus for the year is arrived at:

| | 2014 HK\$ | 2013 HK\$ |
|---|------------------|------------------|
| <u>After crediting the following items:</u> | | |
| Interest income | 656 | 4 |
| <u>After charging the following items:</u> | | |
| Auditors' remuneration | 6,500 | 6,000 |
| Depreciation | 744,047 | 706,618 |
| Operating leases - land and building | 158,383 | 32,000 |
| Staff costs | | |
| - Salaries and benefits | 5,246,767 | 5,103,484 |
| - Pension costs | 257,422 | 251,386 |
| | <u>6,413,525</u> | <u>5,899,488</u> |

8. DIRECTORS' EMOLUMENTS

| | 2014 HK\$ | 2013 HK\$ |
|------------------------------------|----------------|----------------|
| Fee | - | - |
| Other emoluments | | |
| - Salaries, wages & other benefits | 351,600 | 328,800 |
| - Pension costs | 15,000 | 14,500 |
| | <u>366,600</u> | <u>343,300</u> |

9. TAXATION

The Fellowship being a registered charitable institution is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

10. COMMITMENTS

At March 31, 2014, the total future minimum lease payments under non-cancelable operating leases for each of the following periods were:

| | 2014 HK\$ | 2013 HK\$ |
|---|----------------|--------------|
| Land and building | | |
| - Not later than one year | 434,380 | - |
| - Later than one year and not later than five years | 276,700 | - |
| - Later than five years | - | - |
| | <u>711,080</u> | <u>-</u> |