

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2015**

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

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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, 2015.

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.

THE STATE OF THE FELLOWSHIP'S AFFAIRS AND APPROPRIATIONS

The state of the Fellowship's affairs as at March 31, 2015 are set out in the financial statements on pages 3 to 9.

DONATIONS

During the year, the Fellowship made charitable donations amounting to HK\$337,954 (2014: HK\$44,000).

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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Fellowship were entered into or existed 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



SIU Ding Kwok, David
Chairman

Hong Kong, November 19, 2015



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

Alfred Ho: Fellow of HKICPA & TIHK
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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 9, which comprise the statement of financial position as at March 31, 2015, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") 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. The report is made solely to you, as a body, in accordance with Section 405 of 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 and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" 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 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 of the Fellowship for the year ended March 31, 2015 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Companies Ordinance.

Alfred Ho & Co.
Certified Public Accountants

Hong Kong, November 19, 2015

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015**

	Note	2015 HK\$	2014 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	3	<u>7,203,894</u>	<u>8,331,785</u>
CURRENT ASSETS			
Account receivables		65,472	20,031
Deposits, prepaids and other receivables		1,620,676	218,552
Cash in bank and on hand		1,440,460	1,313,094
		<u>3,126,608</u>	<u>1,551,677</u>
CURRENT LIABILITIES			
Loans from directors	4	-	40,000
Other loans	4	1,325,000	290,000
Account payables		282,248	254,371
Accruals and other payables		475,794	473,111
Receipts in advance		212,692	111,637
		<u>2,295,734</u>	<u>1,169,119</u>
NET CURRENT ASSETS		<u>830,874</u>	<u>382,558</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,034,768	8,714,343
NON-CURRENT LIABILITIES			
Mortgage loan	5	(6,500,000)	(7,100,000)
NET ASSETS		<u>1,534,768</u>	<u>1,614,343</u>
REPRESENTING			
Accumulated surplus	6	<u>1,534,768</u>	<u>1,614,343</u>

Approved by the Board of Directors on November 19, 2015,



SIU Ding Kwok, David
Director



HO Chi Dik, Peter
Director

The notes on pages 5 to 9 form an integral part of these financial statements.

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2015**

	Note	2015 HK\$	2014 HK\$
Income			
Catering income		13,970,896	12,678,655
Donation income		1,080,611	1,053,698
Other income		182,149	176,902
Interest income		12	656
		<u>15,233,668</u>	<u>13,909,911</u>
Expenditures			
Operating expenses		14,385,466	12,592,230
Donation payouts		337,954	44,000
General and administrative expenses		430,610	387,552
Finance expenses		159,213	170,727
		<u>15,313,243</u>	<u>13,194,509</u>
Net (deficit) / surplus for the year	7	<u>(79,575)</u>	<u>715,402</u>

The notes on pages 5 to 9 form an integral part of these financial statements.

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

REPORTING ENTITY

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.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Fellowship qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "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 Fellowship is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

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%

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(b) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognized for the asset in prior years.

(c) Account and other receivables

Account and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to the income statement.

(d) Bank and other borrowings

Bank and other borrowings, comprising mainly bank loan and overdraft, are recognized at the transaction price net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial assets or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Bank and other 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 end of the reporting period.

(e) Recognition of income

Revenue is recognized when it is probable that the economic benefits will flow to the Fellowship and when the revenue can be measured reliably, on the following bases:

- 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 interest rates applicable.
- iv) Other income is recognized mainly on accrual basis.

(f) Borrowing costs

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

(g) Employee benefits

Retirement benefit costs

The Fellowship operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Fellowship's employer contributions vest fully with the employees when contributed into the MPF Scheme.

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

(h) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Fellowship are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

2. TRANSITION TO THE SME-FRS

The Fellowship's financial statements for the year ended March 31, 2015, are its first annual financial statements prepared under accounting policies that comply with the Small and Medium-Sized Entity Financial Reporting Framework and the SME-FRS. The Fellowship applied the Hong Kong Financial Reporting Standards for Private Entities (the "HKFRS for PE") to prepare its financial statements prior to the application of the SME-FRS.

There is no difference for the net assets from using the HKFRS for PE to the SME-FRS at April 1, 2013, and March 31, 2014, and the Fellowship's surplus for the year ended March 31, 2014.

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & building HK\$	Leasehold improvement HK\$	Furniture, fixtures & equipment HK\$	Total HK\$
<u>Cost</u>				
At March 31, 2014	7,441,375	1,763,347	1,192,173	10,396,895
Additions	-	52,675	231,259	283,934
Disposals	-	(1,716,297)	(423,630)	(2,139,927)
At March 31, 2015	<u>7,441,375</u>	<u>99,725</u>	<u>999,802</u>	<u>8,540,902</u>
<u>Accumulated depreciation</u>				
At March 31, 2014	646,000	889,551	529,559	2,065,110
Charge for the year	204,000	296,337	247,760	748,097
Written back on disposals	-	(1,173,248)	(302,951)	(1,476,199)
At March 31, 2015	<u>850,000</u>	<u>12,640</u>	<u>474,368</u>	<u>1,337,008</u>
<u>Net carrying amount</u>				
At March 31, 2015	<u>6,591,375</u>	<u>87,085</u>	<u>525,434</u>	<u>7,203,894</u>
At March 31, 2014	<u>6,795,375</u>	<u>873,796</u>	<u>662,614</u>	<u>8,331,785</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.

THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

4. LOANS FROM DIRECTORS AND OTHER LOANS

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

5. 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.

6. CHANGES IN ACCUMULATED SURPLUS

	Accumulated surplus HK\$
Balance at March 31, 2014	1,614,343
Net deficit for the year	(79,575)
Balance at March 31, 2015	<u>1,534,768</u>

7. NET (DEFICIT) / SURPLUS FOR THE YEAR

Net (deficit) / surplus for the year is arrived at:

	2015 HK\$	2014 HK\$
<u>After crediting the following items:</u>		
Interest income	12	656
<u>After charging the following items:</u>		
Depreciation	748,097	744,047
Loss on disposals of property, plant and equipment	663,728	-
Operating leases - land and building	485,268	158,383
Key management personnel's remuneration	404,110	366,600
Other staff costs	<u>5,549,056</u>	<u>5,137,589</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

	2015 HK\$	2014 HK\$
Salaries and allowances	386,610	351,600
MPF contribution	17,500	15,000
	<u>404,110</u>	<u>366,600</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. CAPITAL COMMITMENTS

At March 31, 2015, the capital commitments outstanding not provided for in the financial statements were as follows:

	2015 HK\$	2014 HK\$
Contracted for	<u>916,160</u>	<u>-</u>

11. COMMITMENTS UNDER OPERATING LEASES

The Fellowship had the following total future minimum lease payments payable under non-cancelable operating leases:

	2015 HK\$	2014 HK\$
Not later than one year	479,200	434,380
Later than one year	-	276,700
	<u>479,200</u>	<u>711,080</u>

12. COMPARATIVE FIGURES

As a result of the initial application of Part 9 of the Companies Ordinance (Cap. 622) on the financial statements for the year ended March 31, 2015, certain comparative figures have been reclassified to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2015.