

**THE CATERING EVANGELISTIC FELLOWSHIP LIMITED**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MARCH 31, 2018**

**THE CATERING EVANGELISTIC FELLOWSHIP LIMITED**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**CONTENTS**

	Pages
Report of the Directors	1
Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Income and Expenditures	5
Notes to the Financial Statements	6 - 10

## **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, 2018.

### **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, 2018 are set out in the financial statements on pages 4 to 10.

### **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

LIN Chak Pui Louis

MAN Wai Po

ONG Yee Chuan

SIU Ding Kwok David

YEUNG Sui Lun Joseph

(Appointed on April 5, 2017)

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.

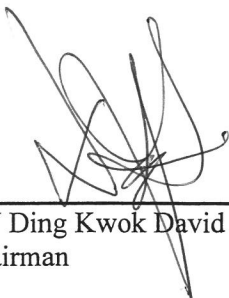
### **MANAGEMENT CONTRACTS**

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, October 14, 2018



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  
CTA, CPA (Canada) & CA

香港九龍彌敦道 567 號  
銀座廣場 16 樓 1601 室

Unit 1601, 16/F., Ginza Square  
567 Nathan Road, Kowloon, Hong Kong

Telephone 電話: 2851 7500 Fax 傳真: 2851 7677 Mobile 手提: 9281 4288 E-Mail 電郵: admin@alfredhocpa.com

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

**Opinion**

We have audited the financial statements of The Catering Evangelistic Fellowship Limited (the "Fellowship") set out on pages 4 to 10, which comprise the statement of financial position as at March 31, 2018, and the statement of income and expenditures for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Fellowship are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants (the "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 ("the HKSAs") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fellowship in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other 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.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in Report of the Directors, but does not include the financial statements and our auditor's report thereon.

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

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 and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS 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 Fellowship'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 Fellowship or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fellowship's financial reporting process.

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

**Auditor's 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 auditor's report that includes our opinion. Our report will be 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 our report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgment 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 Fellowship's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Fellowship's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fellowship to cease to continue as a going concern.

We communicate with those charged with governance 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.



Alfred Ho & Co.  
Certified Public Accountants


Hong Kong, October 14, 2018


**THE CATERING EVANGELISTIC FELLOWSHIP LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2018**

	Note	2018 HK\$	2017 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	<u>7,849,437</u>	<u>8,605,650</u>
<b>CURRENT ASSETS</b>			
Account receivables		30,089	11,443
Deposits, prepaids and other receivables		328,820	528,688
Cash in bank and on hand		1,009,995	161,023
		<u>1,368,904</u>	<u>701,154</u>
<b>CURRENT LIABILITIES</b>			
Other loans	3	185,000	685,000
Bank loan - secured	4	5,300,000	-
Account payables		359,040	683,781
Accruals and other payables		494,650	605,727
Receipts in advance		166,626	164,834
		<u>6,505,316</u>	<u>2,139,342</u>
<b>NET CURRENT LIABILITIES</b>		<u>(5,136,412)</u>	<u>(1,438,188)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,713,025	7,167,462
<b>NON-CURRENT LIABILITIES</b>			
Mortgage loan	5	-	(5,300,000)
<b>NET ASSETS</b>		<u><u>2,713,025</u></u>	<u><u>1,867,462</u></u>
<b>REPRESENTING</b>			
Accumulated surplus	6	<u><u>2,713,025</u></u>	<u><u>1,867,462</u></u>

Approved by the Board of Directors on October 14, 2018,

  
 SIU Ding Kwok David  
 Director

  
 HO Chi Dik Peter  
 Director

The notes on pages 6 to 10 form an integral part of these financial statements.

**THE CATERING EVANGELISTIC FELLOWSHIP LIMITED**

**STATEMENT OF INCOME AND EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2018**

	Note	2018 HK\$	2017 HK\$
<b>Income</b>			
Catering income		16,302,865	16,497,640
Donation income		740,427	1,038,960
Other income		56,564	195,090
Interest income		3	4
		<u>17,099,859</u>	<u>17,731,694</u>
<b>Expenditures</b>			
Operating expenses		15,654,933	17,322,700
Donation payouts		-	1,000
General and administrative expenses		473,347	441,935
Finance expenses		126,016	131,013
		<u>16,254,296</u>	<u>17,896,648</u>
Net surplus / (deficit) for the year	7	<u><u>845,563</u></u>	<u><u>(164,954)</u></u>

The notes on pages 6 to 10 form an integral part of these financial statements.

# THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 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

At March 31, 2018, the Fellowship has a net current liability of HK\$5,136,412. The members of the Fellowship have confirmed their intention to provide continued financial support to the Fellowship so as to enable the Fellowship to pay its liabilities as and when they fall due. Accordingly, the board of directors prepare the financial statements on a going concern basis.

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, 2018

### **(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 statement of income and expenditures. 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 statement of income and expenditures.

### **(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 services.
- 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 statement of income and expenditures 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, 2018

### (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 statement of income and expenditures.

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 statement of income and expenditures on a straight-line basis over the lease term.

## 2. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & building HK\$	Leasehold improvement HK\$	Furniture, fixtures & equipment HK\$	Total HK\$
<u>Cost</u>				
At March 31, 2017	7,441,375	1,501,500	2,516,679	11,459,554
Additions	-	109,118	127,046	236,164
Disposals	-	(52,750)	(301,980)	(354,730)
At March 31, 2018	<u>7,441,375</u>	<u>1,557,868</u>	<u>2,341,745</u>	<u>11,340,988</u>
<u>Accumulated depreciation</u>				
At March 31, 2017	1,258,000	481,658	1,114,246	2,853,904
Charge for the year	204,000	317,063	456,441	977,504
Written back on disposals	-	(37,877)	(301,980)	(339,857)
At March 31, 2018	<u>1,462,000</u>	<u>760,844</u>	<u>1,268,707</u>	<u>3,491,551</u>
<u>Net carrying amount</u>				
At March 31, 2018	<u>5,979,375</u>	<u>797,024</u>	<u>1,073,038</u>	<u>7,849,437</u>
At March 31, 2017	<u>6,183,375</u>	<u>1,019,842</u>	<u>1,402,433</u>	<u>8,605,650</u>

The leasehold land and building were pledged to secure bank loan granted to the Fellowship.

**THE CATERING EVANGELISTIC FELLOWSHIP LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**3. OTHER LOANS**

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

**4. BANK LOAN - SECURED**

	2018 HK\$	2017 HK\$
Repayable		
- Not later than 1 year	212,000	-
- Later than 1 year	5,088,000	-
	<u>5,300,000</u>	<u>-</u>

The bank loan is secured by the Fellowship's land and building. As the bank has the right to cancel the loan at any time, the above secured bank loan has been classified as current liability.

**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, 2017	1,867,462
Net surplus for the year	845,563
Balance at March 31, 2018	<u>2,713,025</u>

**7. NET SURPLUS / (DEFICIT) FOR THE YEAR**

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

	2018 HK\$	2017 HK\$
<u>After crediting the following items:</u>		
Interest income	3	4
<u>After charging the following items:</u>		
Depreciation	977,504	949,963
Loss on disposals of property, plant and equipment	14,873	31,105
Operating leases - land and building	771,700	573,000
Key management personnel's remuneration	451,900	431,434
Other staff costs	<u>5,774,167</u>	<u>6,616,894</u>

# THE CATERING EVANGELISTIC FELLOWSHIP LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 8. DIRECTORS' REMUNERATIONS

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

	2018 HK\$	2017 HK\$
Salaries and allowances	433,900	413,434
MPF contribution	18,000	18,000
	<u>451,900</u>	<u>431,434</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, 2018, the capital commitments outstanding not provided for in the financial statements were as follows:

	2018 HK\$	2017 HK\$
Contracted for	<u>-</u>	<u>59,300</u>

### 11. COMMITMENTS UNDER OPERATING LEASES

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

	2018 HK\$	2017 HK\$
Not later than one year	583,200	740,500
Later than one year	1,188,000	1,771,200
	<u>1,771,200</u>	<u>2,511,700</u>