

**HONG KONG EVANGELICAL CHURCH
SOCIAL SERVICE LIMITED**

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH, 2018

T. S. LAM & CO.
林贊誠會計師事務所
Certified Public Accountants (Practising)
Hong Kong

HONG KONG EVANGELICAL CHURCH SOCIAL SERVICE LIMITED
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH, 2018

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REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
HONG KONG EVANGELICAL CHURCH
SOCIAL SERVICE LIMITED (“the Organization”)
(Incorporated in Hong Kong with liabilities limited by guarantee)

We have audited the financial statements of the Organization for the year ended 31 March, 2018 and have issued an unqualified auditors’ report thereon dated 30 September, 2018.

We conducted our review of the attached Annual Financial Report on pages 2 to 14 of the Organization for the year ended 31 March, 2018 in accordance with Practice Note 851 “Review of the Annual Financial Reports of Non-governmental Organizations” issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Organization, on which the above audited financial statements of the Organization are based.

Review conclusions

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the Organization for the year ended 31 March, 2018:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Organization ; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Organization has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
 - ii. kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (LSG Manual) published by the Social Welfare Department of the Government of the HKSAR;
 - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
 - iv. employed the staff quoted in the Provident Fund arrangements during the year ended 31 March, 2018.

This report is intended for filing with the Social Welfare Department of the Government of the HKSAR and should not be used for any other purpose.

ANNUAL FINANCIAL REPORT
NGO : HONG KONG EVANGELICAL CHURCH
SOCIAL SERVICE LIMITED

1 APRIL 2017 TO 31 MARCH 2018


	Notes	Total 2017-18 \$	Total 2016-17 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	11,024,887.00	10,707,238.00
b. Provident Fund	1c	758,023.00	744,528.00
2. Special One-off Grant		15,000.00	---
3. Fee Income	2	1,253,571.90	1,217,297.70
4. Central Items	3a	870,994.00	636,437.00
5. Rent & Rates	4	335,423.00	329,823.00
6. Other Income	5	469,710.00	380,828.60
7. Interest Received		14,702.43	12,982.97
TOTAL INCOME		14,742,311.33	14,029,135.27
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		7,969,748.32	7,172,940.63
b. Provident Fund	1c	599,641.19	558,048.23
c. Allowances		---	---
Sub-total	6	8,569,389.51	7,730,988.86
2. Other Charges	7	4,516,761.69	4,501,224.13
3. Central Items	3b	870,994.00	636,437.00
4. Rent & Rates	4	324,250.00	329,720.00
5. Special One-off Grant Payments	7a	14,895.70	---
TOTAL EXPENDITURE		14,296,290.90	13,198,369.99
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	446,020.43	830,765.28

The Annual Financial Report on pages 2 to 8 have been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE


SIGNATURE

×


 Rev. Chan Yu Sang
 Chairman

Date: 28 OCT 2018

×


 Ms. Tsang Yuk Ying
 Head of Social Welfare Services

Date: 28 OCT 2018

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant (LSG)

a. Basis of preparation The Annual Financial Report (AFR) is prepared in respect of all Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. AFR is prepared on cash basis, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. Non-cash items such as depreciation, provisions and accruals have not been included in the AFR.

b. Lump Sum Grant (excluding Provident Fund) This represents LSG (excluding Provident Fund) received for the year.

c. Provident Fund This is Provident Fund received and contributed during the year. Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. 6.8% and other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items have been shown under 3. Details are analysed below :

	Snapshot Staff	6.8% and Other Posts	Total
	\$	\$	\$
Provident Fund Contribution Subvention Received	137,308.00	620,715.00	758,023.00
Provident Fund Contribution Paid during the Year	(137,848.80)	(461,792.39)	(599,641.19)
(Deficit) / Surplus for the Year	(540.80)	158,922.61	158,381.81
Add : (Deficit)/ Surplus b/f	(73,458.39)	1,632,009.40	1,558,551.01
Add: Adjustments to opening balance as previously agreed with SWD "SF/SAS/4-65168(316) Jan 2018"	177,999.35	196,448.47	374,447.82
Add: Additional subvention received for previous year(s)	5,885.00	---	5,885.00
Less: Refund to Government	85,535.00	---	85,535.00
Surplus c/f	24,350.16	1,987,380.48	2,011,730.64

2. Fee Income This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Manual.

3. Central Items These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of the LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

3. Central Items (Continued)

	2017-18	2016-17
a. Income	\$	\$
After School Care Programme	870,994.00	636,437.00
Programme Assistant/Care Assistants (Permanent) For Elderly Services and Rehabilitation Medical and Social Services	---	---
Total	<u>870,994.00</u>	<u>636,437.00</u>
b. Expenditure		
After School Care Programme	870,994.00	636,437.00
Programme Assistant/Care Assistants (Permanent) For Elderly Services and Rehabilitation Medical and Social Services	---	---
Total	<u>870,994.00</u>	<u>636,437.00</u>

4. **Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

5. **Other Income** This includes programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and donations received have not been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR. The breakdown on Other Income (paragraph 2.29 of LSG Mannal (October 2016) is as follows:

	2017-18	2016-17
Other Income	\$	\$
(a) Fees and charges for Services incidental to the operation of subvented services	---	---
(b) others	469,710.00	380,828.60
Total	<u>469,710.00</u>	<u>380,828.60</u>

6. **Personal Emoluments** Personal Emoluments include salary, provident fund and salary-related allowances. The analysis on number of posts with annual Personal Emoluments over \$700,000 each is appended below:

Analysis of Personal Emoluments paid under LSG HK\$700,001 - HK\$800,000 p.a.	No of Posts NIL	\$ NIL
--	--------------------	-----------

7. Other Charges

The breakdown on Other Charges is as follows:

	2017-18	2016-17
Other Charges	\$	\$
(a) Utilities	201,430.50	203,970.70
(b) Food	938,614.80	1,055,230.50
(c) Administrative Expenses	309,512.43	331,659.27
(d) Stores and Equipment	251,155.44	95,636.30
(e) Repair and Maintenance	364,209.90	210,474.40
(f) Special Allowances	---	---
(g) Programme Expenses	1,790,261.30	393,605.90
(h) Transportation and Travelling	412,578.40	425,997.14
(i) Insurance	50,606.32	46,200.92
(j) Miscellaneous	198,392.60	1,738,449.00
Total	<u>4,516,761.69</u>	<u>4,501,224.13</u>

7a. Special One-off Grant Payments

Details of Special One-off Grant Payments are as follows:

	2017-18	2016-17
Special One-off Grant Payments	\$	\$
(a) Voluntary Retirement Scheme	---	
(b) Compensation Scheme	---	
(c) Staff Training and Development	---	
(d) Other Staff-related Initiatives	14,895.70	
Total	<u>14,895.70</u>	<u>N/A</u>

8. Analysis of Lump Sum Grant Reserve and balance of other SWD subventions

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Income					
Lump Sum Grant	11,782,910.00	---	---	---	11,782,910.00
Special One-off Grant	---	15,000.00	---	---	15,000.00
Fee Income	1,253,571.90	---	---	---	1,253,571.90
Other Income	469,710.00	---	---	---	469,710.00
Interest Received (Note (1))	14,702.43	---	-	---	14,702.43
Rent and Rates	---	---	335,423.00	---	335,423.00
Central Items	---	---	---	870,994.00	870,994.00
Total Income (a)	13,520,894.33	15,000.00	335,423.00	870,994.00	14,742,311.33
Expenditure					
Personal Emoluments	8,569,389.51	---	---	---	8,569,389.51
Other Charges	4,516,761.69	---	---	---	4,516,761.69
Rent & Rates	---	---	324,250.00	---	324,250.00
Central Items	---	---	---	870,994.00	870,994.00
Special One-off Grant Payments	---	14,895.70	---	---	14,895.70
Total Expenditure (b)	13,086,151.20	14,895.70	324,250.00	870,994.00	14,296,290.90
Surplus/(Deficit) for the Year (a)-(b)	434,743.13	104.30	11,173.00	---	446,020.43
Less : Surplus/(Deficit) of Provident Fund	158,381.81	---	---	---	158,381.81
	276,361.32	104.30	11,173.00	---	287,638.62
Surplus/(Deficit) b/f (Note(2))	1,695,367.01	---	(145,336.50)	52,284.79	1,602,315.30
Adjustments to opening balance as previously agreed with SWD "SF/SAS/4-65168(316) Jan 2018"	40,021.88	---	---	(51,549.79)	(11,527.91)
Less: Refund to Government	---	---	11,348.10	---	11,348.10
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))	---	---	---	---	---
Surplus/(Deficit) c/f (Note (4))	2,011,750.21	104.30	(145,511.60)	735.00	1,867,077.91

Notes:

- (1) Interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance Lump Sum Grant Surplus b/f from previous years (including holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserve (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

9. Analysis of Income and Expenditure by Programme Area and Funding and Service Agreements (including support services)

	INCOME							EXPENDITURE						Remarks
	LSG	Fee Income	Central Items	Rent and Rates	Other Income	Total Income (1)	Personal Emoluments	Other Charges	Central Items	Rent and Rates	Total Expenditure (2)	Surplus/ (Deficits) (1)-(2)		
Programme Area 3														
FSA 8 Service Unit 2775	2,694,493.30	26,740.00	---	175,032.00	345,555.00	3,241,820.30	2,362,715.48	735,848.30	---	173,000.00	3,271,563.78	(29,743.48)		
FSA 10 Service Unit 2776/7	9,031,476.70	1,226,831.90	---	160,391.00	124,155.00	10,542,854.60	6,206,674.03	3,669,158.39	---	151,250.00	10,027,082.42	515,772.18		
Programme Area 8														
Central Administration Accounting Support	---	---	870,994.00	---	---	870,994.00	---	---	870,994.00	---	870,994.00	---		
	56,940.00	---	---	---	---	56,940.00	---	111,755.00	---	---	111,755.00	(54,815.00)		
Sub-Total	11,782,910.00	1,253,571.90	870,994.00	335,423.00	469,710.00	14,712,608.90	8,569,389.51	4,516,761.69	870,994.00	324,250.00	14,281,395.20	431,213.70		
SOG	---	---	---	---	15,000.00	15,000.00	---	14,895.70	---	---	14,895.70	104.30		
Interest Received	14,702.43	---	---	---	---	14,702.43	---	---	---	---	---	---		
Total	11,797,612.43	1,253,571.90	870,994.00	335,423.00	484,710.00	14,742,311.33	8,569,389.51	4,531,657.39	870,994.00	324,250.00	14,296,290.90	14,702.43		
												446,020.43		

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from April 1 2017 to March 31 2018

Name of Agency : Hong Kong Evangelical Church Social Service Limited

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the Year			Surplus b/f (Note 5) (e)	Surplus c/f (Note 6) (f)=(e)+(a)-(d)
					Deficit (Note 3) (b)	Deficit transferred To LSG (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)		
3039 HKEC Fanling Family Centre	After School Care Programme	\$ 42,000	\$ 42,000	\$ ---	\$ ---	\$ N.A.	\$ ---	\$ ---	
3039 HKEC Bradbury Sheung Shui Family Centre	After School Care Programme	81,450	81,450	---	---	N.A.	---	---	
3039 HKEC Yan Lam Community Service Centre	After School Care Programme	293,100	293,100	---	---	N.A.	---	---	
1895 HKEC Yan Lam Community Service Centre	After School Care Programme - Enhanced	454,444	454,444	---	---	N.A.	---	---	
TOTAL		870,994	870,994	---	---	N.A.	---	---	

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from April 1 2017 to March 31 2018

Note:

1. The figures for the whole financial year are extracted from the payroll for March (Final) of the financial year.
2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
3. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
4. Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (64) in SWD/S/104/2 Pt.16 dated 20 July 2016.
 - (i) Dementia Supplement for Elderly with Disabilities
 - (ii) Infirmity Care Supplement for the Aged Blind Persons
 - (iii) Dementia Supplement for Residential Elderly Services
 - (iv) Infirmity Care supplement for Residential Elderly service
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
7. Unit codes and names are extracted from the payroll from SWD
8. The income and expenditure for the Special one-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmity Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt.6 dated 4 February 2016 should also be included in the income/expenditure of the respective items.
9. The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.

Schedule for Rent & Rates**Analysis of Subvention and Expenditure for the Period from April 1 2017 to March 31 2018**Name of Agency : **Hong Kong Evangelical Church Social Service Limited**

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
Unit 2775 - HKEC Tai Hing Neighbourhood Elderly Centre	Rent (Note 3)	163,680.00	163,679.90	0.10	---
	Rates	11,352.00	9,320.10	2,031.90	---
	Total:	175,032.00	173,000.00	2,032.00	---
Unit 2776 – HKEC BSSFC Integrated Home Care Services Team	Rent (Note 3)	97,860.00	121,800.00	---	23,940.00
	Rates	8,371.00	4,700.00	3,671.00	---
	Rent (Remark 1)	24,840.00	N/A	N/A	N/A
	Total:	131,071.00	126,500.00	3,671.00	23,940.00
Unit 2777 – HKEC BSSFC Integrated Home Care Services Team	Rent	11,880.00	24,750.00	---	12,870.00
	Rates	---	---	---	---
	Rent (Remark 1)	17,440.00	N/A	N/A	N/A
	Total:	29,320.00	24,750.00	---	12,870.00
Grand Total:		335,423.00	324,250.00	5,703.00	36,810.00

Note :

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.
2. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance Fee and Government Rent.

Remark :

Remark 1: Back payment on Rent for the year of 2016/17 (Unit 2776 \$24,840.00& Unit 2777 \$17,440.00) from Social Welfare Department.

Schedule for Investment
Analysis of Investment as at 31 March 2018

Agency : Hong Kong Evangelical Church Social Service Limited

	2018 HK\$'000	2017 HK\$'000
LSG Reserve as 31 March	<u>2,011</u>	<u>1,695</u>
Represented by :		
Investments		
a. HKD Bank Account Balances	---	---
b. HKD 24-hour Call Deposits	---	---
c. HKD Fixed Deposits	2,011	1,695
d. HKD Certificate of Deposits	---	---
e. HKD Bonds	---	---
	<u>2,011</u>	<u>1,695</u>

Note: The investments should be reported at historical cost.

Confirmed by :

X 

 Chairman
 Date: 28 OCT 2018

X 

 Head of Social Welfare Services
 Date: 28 OCT 2018

List of Subvented Service Units :-

1. Hong Kong Evangelical Church Social Service Limited
2. Hong Kong Evangelical Church Bradbury Sheung Shui Family Centre
3. Hong Kong Evangelical Church Bradbury Sheung Shui Family Centre
Integrated Home Care Services Team
4. Hong Kong Evangelical Church Fanling Family Centre
5. Hong Kong Evangelical Church Tai Hing Neighbourhood Elderly Centre
6. Hong Kong Evangelical Church Yan Lam Community Service Centre
7. Hong Kong Evangelical Church Yan Tsuen Neighbourhood Centre

T. S. LAM & CO.
Certified Public Accountants (Practising)
林贊誠會計師事務所

Room 709, 7/F., Wing On Plaza, 62 Mody Road,
Tsim Sha Tsui East, Kowloon, Hong Kong
Tel: 2545 1211 Fax: 2545 1273

Date: 28 OCT 2018

The Board of Directors
Hong Kong Evangelical Church Social Service Limited
Units 129-140, Choi Lai House,
Choi Yuen Estate, Sheung Shui,
New Territories, Hong Kong.


Dear Sir / Madam,

**Re: Hong Kong Evangelical Church Social Service Limited
Management letter**

We take pleasure to advise that we have completed the audit of the financial statements of Hong Kong Evangelical Church Social Service Limited for the year ended 31 March, 2018. A full list of the Subvented Service Units under the management of Hong Kong Evangelical Church Social Service Limited is included in Appendix 4.

During the course of our audit, we have reviewed the accounting records and procedures of the Organization and we consider them adequate having regard to the level and nature of activities of the Units.

Yours faithfully,


T. S. LAM & CO.
Certified Public Accountants (Practising)
Hong Kong