

HONG KONG EVANGELICAL CHURCH SOCIAL SERVICE LIMITED

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH, 2021

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, 2021

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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 consolidated financial statements of the Organization for the year ended 31 March, 2021 and have issued an unqualified auditors’ report thereon dated 2 DEC 2021.

We conducted our review of the attached Annual Financial Report on pages 2 to 13 of the Organization for the year ended 31 March, 2021 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 consolidated 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 consolidated financial statements of the Organization for the year ended 31 March, 2021:

- 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, Tide-over Grant 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 Tide-over Grant and Provident Fund arrangements during the year ended 31 March, 2021.

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 2020 TO 31 MARCH 2021

	Notes	Total 2020-21 \$	Total 2019-20 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	15,755,405.00	14,115,238.00
b. Provident Fund	1c	1,085,147.00	973,674.00
2. Fee Income	2	1,363,764.15	1,421,382.60
3. Central Items	3a	413,710.00	632,612.00
4. Rent & Rates	4	410,995.00	946,089.00
5. Other Income	5	103,597.53	232,324.60
6. Interest Received		6,530.38	39,942.45
TOTAL INCOME		<u>19,139,149.06</u>	<u>18,361,262.65</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		10,884,831.71	9,862,440.88
b. Provident Fund	1c	784,962.69	721,857.42
Sub-total	6	11,669,794.40	10,584,298.30
2. Other Charges	7	6,303,734.76	5,056,563.80
3. Central Items	3b	334,897.00	587,327.00
4. Rent & Rates	4	309,632.00	511,377.00
TOTAL EXPENDITURE		<u>18,618,058.16</u>	<u>16,739,566.10</u>
C. SURPLUS FOR THE YEAR	8	<u>521,090.90</u>	<u>1,621,696.55</u>

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

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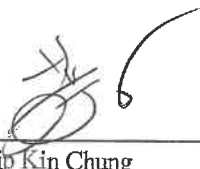
SIGNATURE



 Yeung Lan Kam

Chairman

Date: 2 DEC 2021



 Yip Kin Chung

Head of Social Welfare Services

Date: 2 DEC 2021

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 recognized upon receipt of cash and expenditure is recognized 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 recognized 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 Note 3 . Details are analyzed below :

Provident Fund Contribution	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	174,080.00	911,067.00	1,085,147.00
Provident Fund Contribution Paid during the Year	(164,145.80)	(620,816.89)	(784,962.69)
Surplus for the Year	9,934.20	290,250.11	300,184.31
Add : (Deficit) / Surplus b/f	(13,241.49)	2,443,936.57	2,430,695.08
Add: Additional subvention received for previous year(s)	---	---	---
Less: Refund to Government	---	---	---
(Deficit) / Surplus c/f	<u>(3,307.29)</u>	<u>2,734,186.68</u>	<u>2,730,879.39</u>

2. Fee Income This represents social welfare fee income received for the year in respect of the fees and charges recognized 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)

	2020-21	2019-20
a. Income	\$	\$
After School Care Programme - Fee Waiving Subsidy Scheme	348,324.00	321,300.00
Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	65,386.00	184,917.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	---	126,395.00
Total	413,710.00	632,612.00
b. Expenditure	\$	\$
After School Care Programme - Fee Waiving Subsidy Scheme	195,427.00	321,300.00
Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	139,470.00	184,917.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	---	81,110.00
Total	334,897.00	587,327.00

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

5. **Other Income** This includes programme income and all income other than recognized 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 is as follows:

	2020-21	2019-20
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	---	---
(b) Subsidy from Central Items (CI) – After School Care Programme (ASCP) /Enhanced ASCP – Fee Waiving Subsidy Scheme (FWSS)*	---	---
(c) Others	103,597.53	232,324.60
Sub - Total	103,597.53	232,324.60
Less: Utilised allocation under CI - ASCP / Enhanced ASCP - FWSS which forms as part of Other Income*	---	---
Total	103,597.53	232,324.60

* For those programmes which are regarded as FSA-related activities only.

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 paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	NIL	NIL
HK\$800,001 - HK\$900,000 p.a.	NIL	NIL
HK\$900,001 - HK\$1,000,000 p.a.	NIL	NIL
HK\$1,000,001 - HK\$1,100,000 p.a.	NIL	NIL
HK\$1,100,001 - HK\$1,200,000 p.a.	NIL	NIL
> HK\$1,200,000 p.a.	NIL	NIL

7. Other Charges

The breakdown on Other Charges is as follows:

	2020-21	2019-20
	\$	\$
Other Charges		
(a) Utilities	123,313.64	204,972.90
(b) Food	1,005,943.05	1,049,643.70
(c) Administrative Expenses	407,683.50	412,416.40
(d) Stores and Equipment	516,135.66	74,769.83
(e) Repair and Maintenance	---	345,561.40
(f) Programme Expenses	3,741,109.20	2,449,462.57
(g) Transportation and Travelling	376,339.49	370,124.37
(h) Insurance	97,576.02	74,689.33
(i) Miscellaneous	35,634.20	74,923.30
Sub -Total	6,303,734.76	5,056,563.80
Less: Utilised allocation under CI-ASCP / Enhanced ASCP-FWSS* which forms as part of Other Income to fund the operating expenses of FSA – related activities	---	---
Total	6,303,734.76	5,056,563.80

* For those programmes which are regarded as FSA-related activities only.

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

	Lump Sum Grant (LSG)	Adjustment for Utilised allocation under ASCP / Enhanced ASCP - FWSS	Rent and Rates	Central Items (CI)	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	16,840,552.00	---	---	---	16,840,552.00
Fee Income	1,363,764.15	---	---	---	1,363,764.15
Other Income	103,597.53	---	---	---	103,597.53
Interest Received (Note (1))	6,530.38	---	---	---	6,530.38
Rent and Rates	---	---	410,995.00	---	410,995.00
Central Items	---	---	---	413,710.00	413,710.00
Total Income (a)	18,314,444.06	---	410,995.00	413,710.00	19,139,149.06
Expenditure					
Personal Emoluments	11,669,794.40	---	---	---	11,669,794.40
Other Charges	6,303,734.76	---	---	---	6,303,734.76
Rent & Rates	---	---	309,632.00	---	309,632.00
Central Items	---	---	---	334,897.00	334,897.00
Total Expenditure (b)	17,973,529.16	---	309,632.00	334,897.00	18,618,058.16
Surplus / (Deficit) for the Year (a)-(b)	340,914.90	---	101,363.00	78,813.00	521,090.90
Less : Surplus of Provident Fund	300,184.31	---	---	---	300,184.31
	40,730.59	---	101,363.00	78,813.00	220,906.59
Surplus/(Deficit) b/f (Note(2))	3,961,811.12	---	(279,627.60)	45,285.00	3,727,468.52
Add: Refund from Government	---	---	---	---	---
Less: Refund to Government	---	---	12,114.00	45,285.00	57,399.00
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement (Note (3))	---	---	---	---	---
Adjustment for utilised allocation under <u>Enhanced</u> ASCP - FWSS* (over-estimated) / under - estimated in previous year(s)	---	---	---	---	---
Surplus/(Deficit) c/f (Note (4))	4,002,541.71	---	(190,378.60)	78,813.00	3,890,976.11

Notes:

* For those programmes which are regarded as FSA - related activities only

Notes:

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of LSG 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 for 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 Provident Fund expenditure) for the year.

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

	INCOME						EXPENDITURE					Surplus/ (Deficits) (1)-(2)	Remarks
	LSG	Fee Income	Central Items	Rent and Rates	Other Income	Total Income (1)	Personal Enrolments	Other Charges	Central Items	Rent and Rates	Total Expenditure (2)		
Programme Area 3													
FSA 8													
Service Unit 2775	4,632,526.00	13,680.00	---	187,783.00	34,453.90	4,868,442.90	3,507,927.50	684,344.54	---	175,584.00	4,367,856.04	500,586.86	
FSA 10													
Service Unit 2776/7	12,151,086.00	1,350,084.15	---	223,212.00	69,143.63	13,793,525.78	8,161,866.90	5,503,040.22	---	134,048.00	13,798,955.12	(5,429.34)	
Programme Area 8													
Central Administration	---	---	413,710.00	---	---	413,710.00	---	---	334,897.00	---	334,897.00	78,813.00	
Accounting Support	56,940.00	---	---	---	---	56,940.00	---	116,350.00	---	---	116,350.00	(59,410.00)	
Sub-Total	16,840,552.00	1,363,764.15	413,710.00	410,995.00	103,597.53	19,132,618.68	11,669,794.40	6,303,734.76	334,897.00	309,632.00	18,618,058.16	514,560.52	
SOG	---	---	---	---	---	---	---	---	---	---	---	---	
Interest Received	6,530.38	---	---	---	---	6,530.38	---	---	---	---	---	6,530.38	
Total	16,847,082.38	1,363,764.15	413,710.00	410,995.00	103,597.53	19,139,149.06	11,669,794.40	6,303,734.76	334,897.00	309,632.00	18,618,058.16	521,090.90	

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2020 to 31 March 2021

Name of NGO : Hong Kong Evangelical Church Social Service Limited

Unit Code and Name/ Remittance Advice No. (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)	Refund to Government (f)	Adjustment (Note 9) (g)	Surplus c/f (Note 6) (h)=(e)+(a)-(d)-(f)+/(g)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)				
2776 HKECBSSFC Integrated Home Care Services Team	Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 45,285.00	\$ 45,285.00	\$ ---	\$ ---
3039 HKEC Fauling Family Centre	After School Care Programme - Fee Waiving Subsidy Scheme	84,228.00	102,450.00	---	(18,222.00)	N.A.	(18,222.00)	---	---	---	(18,222.00)
3039 HKEC Bradbury Sheung Shui Family Centre	After School Care Programme - Fee Waiving Subsidy Scheme	83,532.00	14,539.00	68,993.00	---	N.A.	---	---	---	---	68,993.00
3039 HKEC Yan Lam Community Service Centre	After School Care Programme - Fee Waiving Subsidy Scheme	180,564.00	78,438.00	102,126.00	---	N.A.	---	---	---	---	102,126.00
1895 HKEC Yan Lam Community Service Centre	Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	65,386.00	139,470.00	---	(74,084.00)	N.A.	(74,084.00)	---	---	---	(74,084.00)
TOTAL		413,710.00	334,897.00	171,119.00	(92,306.00)	---	(92,306.00)	45,285.00	45,285.00	---	78,813.00

Notes :

- The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advice(s) issued by the Treasury or allocation letter(s) issued by Social Welfare Department of the financial year.
- Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
- Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
- 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. (33) in SWD/S/104/2 Pt. 18 dated 4 March 2020.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmity Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmity Care Supplement for Residential Elderly services
- "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- "Surplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.
- Unit code and name / remittance advice no. are extracted from the payroll from SWD and remittance advice from the Treasury respectively.
- 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.
- For ASCP/ Enhanced ASCP, the adjustment includes the amount of expenditure overstated / (understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any.
- For NGOs with Visiting Medical Practitioner Service Team which arrange delivery of the service under the Programme to all private and self-financing RCHES, RCHDs as well as contract homes operated by private operators only.

Schedule for Rent & RatesAnalysis of Subvention and Expenditure for the Period from April 1 2020 to March 31 2021Name 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)	175,584.00	175,584.00	---	---
	Rates	12,199.00	---	12,199.00	---
	Total:	187,783.00	175,584.00	12,199.00	---
Unit 2776 – HKEC BSSFC Integrated Home Care Services Team	Rent (Note 3)	95,329.00	95,388.00	---	(59.00)
	Rates	8,996.00	---	8,996.00	---
	Rent (Remark 1)	78,727.00	N/A	N/A	N/A
	Total:	183,052.00	95,388.00	8,996.00	(59.00)
Unit 2777 – HKEC BSSFC Integrated Home Care Services Team	Rent	11,880.00	38,660.00	---	(26,780.00)
	Rates	---	---	---	---
	Rent (Remark 1)	28,280.00	N/A	N/A	N/A
	Total:	40,160.00	38,660.00	---	(26,780.00)
Grand Total:		410,995.00	309,632.00	21,195.00	(26,839.00)

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 2019-20 (Unit 2776 \$78,727.00 & Unit 2777 \$28,280.00) from Social Welfare Department.

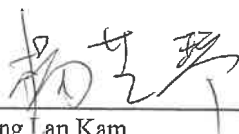
Schedule for Investment
Analysis of Investment as at 31 March 2021

Agency : Hong Kong Evangelical Church Social Service Limited


	2021 HK\$'000	2020 HK\$'000
LSG Reserve at 31 March	4,003	3,961
Represented by :		
Investments		
a. HKD Bank Account Balances	3,090	2,250
b. HKD 24-hour Call Deposits	---	---
c. HKD Fixed Deposits	913	1,711
d. HKD Certificate of Deposits	---	---
e. HKD Bonds	---	---
	4,003	3,961

Note: The investments should be reported at historical cost.

Confirmed by :



Yeung Lan Kam
Chairman
Date: 2 DEC 2021



Yip Kin Chung
Head of Social Welfare Services
Date: 2 DEC 2021

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

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: 2 DEC 2021

The Board of Directors
Hong Kong Evangelical Church Social Service Limited
No. 29-40, G/F, 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 consolidated financial statements of Hong Kong Evangelical Church Social Service Limited for the year ended 31 March, 2021. 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