

**HONG KONG CHRISTIAN SERVICE
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)
AGENCY CODE: 304**

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2021

“The Annual Financial Report (AFR) does not constitute the subvented agencies’ statutory annual financial statements. The AFR is prepared on cash basis, in accordance with the requirements set out in Lump Sum Grant Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region, which is different from the financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants normally adopted in statutory annual financial statements.”

范陳會計師行有限公司
FAN, CHAN & CO. LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG



范陳會計師行有限公司
Fan, Chan & Co. Limited

**REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT
TO THE MANAGEMENT COMMITTEE OF
HONG KONG CHRISTIAN SERVICE**

(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Hong Kong Christian Service ("the Association") for the year ended 31 March, 2021 and have issued an unqualified auditor's report thereon dated, 29 September, 2021.

We conducted our review of the attached Annual Financial Report on pages 2 to 17 of the Association for the year ended 31 March, 2021 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" 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 Association, on which the above audited financial statements of the Association 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 Association 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 Association; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Association 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 LSG Manual; and
 - iv. employed the staff quoted in the 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.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number: P03702

Hong Kong, 29 September, 2021

ANNUAL FINANCIAL REPORT
NGO: Hong Kong Christian Service
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	416,659,235.00	371,192,759.00
b. Provident Fund	1c	31,827,682.00	29,331,865.00
2. Fee Income	2	6,995,676.50	8,678,358.80
3. Central items	3	69,441,326.00	63,643,940.00
4. Rent and Rates	4	13,141,406.00	11,872,036.00
5. Other Income	5	3,842,776.08	6,168,611.76
6. Interest Received		1,103,822.33	1,740,711.69
TOTAL INCOME		543,011,923.91	492,628,282.25
B. EXPENDITURE			
1. Personal emoluments			
a. Salaries		352,533,126.92	320,386,225.14
b. Provident fund	1c	27,427,011.69	25,776,928.56
c. Allowances		5,909,964.86	5,039,795.45
Sub-total	6	385,870,103.47	351,202,949.15
2. Other Charges	7	44,853,555.62	34,319,109.56
3. Central Items	3	58,242,281.48	53,809,445.78
4. Rent and Rates	4	17,115,441.17	12,927,870.94
TOTAL EXPENDITURE		506,081,381.74	452,259,375.43
C. SURPLUS			
FOR THE YEAR	8	36,930,542.17	40,368,906.82

The Annual Financial Report from pages 2 to 17 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

CHAIRMAN

DATE: 29 September, 2021

SIGNATURE

NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: 29 September, 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 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 **Note 3**.

Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> \$	<u>6.8% and Other Posts</u> \$	<u>Total</u> \$
Subvention Received	8,035,617.00	23,636,859.00	31,672,476.00
Provident Fund Contribution Paid during the Year	(7,647,224.68)	(19,779,787.01)	(27,427,011.69)
Surplus for the year	388,392.32	3,857,071.99	4,245,464.31
Add: Surplus b/f	235,337.68	33,167,687.00	33,403,024.68
Additional subvention received for previous year(s)	-	155,206.00	155,206.00
Less: Refund to Government	(87,090.00)	-	(87,090.00)
Surplus c/f	536,640.00	37,179,964.99	37,716,604.99

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:

	2020-21 \$	2019-20 \$
a. Income		
Dementia Supplement for Residential Elderly Services	3,883,412.00	3,689,476.00
Infirmiry Care Supplement for Residential Elderly Services	571,092.00	452,145.00
Foster Care Allowance/Emergency Foster Care Allowance	32,433,762.00	31,553,508.00
After School Care Programme - Fee Waiving Subsidy Scheme	287,700.00	226,800.00
Time-defined Subsidy Scheme for Extended Hours Child Care Service Users (up to 31.08.2021)	51,376.00	51,376.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	105,000.00	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services (Up to 30.9.2023)	7,929,801.00	7,448,202.00
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	1,250,000.00	810,000.00
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-Call allowance)	2,105,408.00	1,898,234.00
Time-defined Subsidy Scheme for Occasional Child Care Service (up to 31.03.2023)	111,300.00	111,300.00
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly - KW Cluster (up to 14.02.2023)		
- Annual Funding Allocation	17,706,000.00	15,328,736.00
- Annual Rent and Rates	969,600.00	628,542.00
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	-	681,819.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	763,802.00	763,802.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Care Centre	820,000.00	-
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	250,000.00	-
Ethnic Minority District Ambassador Posts - Central Item (A)	187,114.00	-
Ethnic Minority District Ambassador Posts - Central Item (B)	15,959.00	-
Total	69,441,326.00	63,643,940.00
	2020-21	2019-20
	\$	\$
b. Expenditure		
Dementia Supplement for Residential Elderly Services	3,759,650.84	3,638,661.15
Infirmiry Care Supplement for Residential Elderly Services	569,013.25	451,311.00
Foster Care Allowance/Emergency Foster Care Allowance	29,315,326.20	27,957,950.10
After School Care Programme - Fee Waiving Subsidy Scheme	290,665.15	184,167.52
Time-defined Subsidy Scheme for Extended Hours Child Care Service Users (up to 31.08.2021)	9,152.00	38,064.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	45,000.00	30,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services (Up to 30.9.2023)	7,587,617.73	8,751,650.06
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	810,000.00	810,000.00
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-Call allowance)	2,008,927.09	1,683,113.64
Time-defined Subsidy Scheme for Occasional Child Care Service (up to 31.03.2023)	5,710.50	10,011.00
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly - KW Cluster (up to 14.02.2023)		
- Annual Funding Allocation	11,965,708.43	8,708,083.31
- Annual Rent and Rates	969,600.00	782,632.00
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	-	-
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	763,802.00	763,802.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Care Centre	55,085.00	-
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	32,132.00	-
Ethnic Minority District Ambassador Posts - Central Item (A)	54,891.29	-
Ethnic Minority District Ambassador Posts - Central Item (B)	-	-
Total	58,242,281.48	53,809,445.78

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 is as follows:

	2020-21 \$	2019-20 \$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	3,842,776.08	6,168,611.76
(b) Subsidy from Central Items (CI) - After School Care Programme (ASCP) / Enhanced ASCP - Fee Waiving Subsidy Scheme (FWSS)*	226,439.00	-
(c) Others	-	-
Sub-Total	<u>4,069,215.08</u>	<u>6,168,611.76</u>
Less: Utilised allocation under CI - ASCP/ Enhanced ASCP - FWSS which forms as part of Other Income*	(226,439.00)	-
Total	<u><u>3,842,776.08</u></u>	<u><u>6,168,611.76</u></u>

* 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.	15	11,139,522.79
HK\$800,001 - HK\$900,000 p.a.	12	10,026,500.14
HK\$900,001 - HK\$1,000,000 p.a.	15	13,138,306.97
HK\$1,000,001 - HK\$1,100,000 p.a.	27	25,626,100.66
HK\$1,100,001 - HK\$1,200,000 p.a.	6	7,161,047.64
>HK\$1,200,000 p.a.	4	5,731,424.64
	<u>79</u>	<u>72,822,902.84</u>

7. Other Charges The breakdown on Other Charges is as follows:

	2020-21 \$	2019-20 \$
Other Charges		
(a) Utilities	3,215,413.34	3,906,881.36
(b) Food	6,500,942.08	6,536,559.24
(c) Administrative Expenses	1,815,962.13	1,645,204.79
(d) Stores and Equipment	3,694,841.74	3,016,302.73
(e) Repair and Maintenance	5,906,719.10	3,731,334.24
(f) Special Allowances	1,469,298.37	1,062,645.19
(g) Programme Expenses	10,911,500.38	8,736,700.55
(h) Transportation and Travelling	1,097,517.37	1,253,946.86
(i) Insurance	2,890,833.01	2,406,733.67
(j) Miscellaneous	7,576,967.10	2,022,800.93
Sub-Total	<u>45,079,994.62</u>	<u>34,319,109.56</u>
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	(226,439.00)	-
Total	<u><u>44,853,555.62</u></u>	<u><u>34,319,109.56</u></u>

* 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	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	448,486,917.00	-	-	-	448,486,917.00
Fee Income	6,995,676.50	-	-	-	6,995,676.50
Other Income	# 4,069,215.08	(226,439.00)	-	-	3,842,776.08
Interest Received (Note (1))	1,103,822.33	-	-	-	1,103,822.33
Rent and Rates	-	-	10,845,011.00	-	10,845,011.00
Central Items	-	-	-	69,441,326.00	69,441,326.00
Total Income (a)	460,655,630.91	(226,439.00)	10,845,011.00	69,441,326.00	540,715,528.91
Expenditure					
Personal Emoluments	385,870,103.47	-	-	-	385,870,103.47
Other Charges	45,079,994.62	(226,439.00)	-	-	44,853,555.62
Rent and Rates	-	-	17,115,441.17	-	17,115,441.17
Central Items	-	-	-	58,242,281.48	58,242,281.48
Total Expenditure (b)	430,950,098.09	(226,439.00)	17,115,441.17	58,242,281.48	506,081,381.74
Surplus/(Deficit) for the year (a) - (b)	29,705,532.82	-	(6,270,430.17)	11,199,044.52	34,634,147.17
Less: Surplus of Provident Fund	(4,400,670.31)	-	-	-	(4,400,670.31)
	25,304,862.51	-	(6,270,430.17)	11,199,044.52	30,233,476.86
Surplus b/f (Note (2))	93,394,118.41	-	138,528.37	14,335,144.76	107,867,791.54
(Deficit) b/f (Note (2))	-	-	(2,435,338.45)	(5,567,503.81)	(8,002,842.26)
	118,698,980.92	-	(8,567,240.25)	19,966,685.47	130,098,426.14
Add: Refund from Government	-	-	2,296,395.00	-	2,296,395.00
Less: Refund to Government <Ref.(11) in SWD SF/SAS/4-35/2/65(304)>	-	-	(134,841.00)	(4,658,747.11)	(4,793,588.11)
Less: Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note(3))	-	-	-	-	-
Adjustment for utilised allocation under Enhanced ASCP - FWSS* (over-estimated) / under-estimated in previous year(s)	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	118,698,980.92	-	(6,405,686.25)	15,307,938.36	127,601,233.03
	(S)			Note 11	

<u>Rent & Rates Deficit b/f restated</u>	<u>R&R Surplus</u>	<u>R&R Deficit</u>	<u>Net Balance</u>
Surplus/(deficit) as per 2019/20 AFR	138,528.37	(2,334,953.25)	(2,196,424.88)
1 <3409> The Pilot Scheme on On-site Pre-school Rehabilitation Services (OPRS) Increase the deficit balance of Rent & Rates for 2017/18 & 2018/19 Ref: (10) in SWD SF/SAS/4-35/2/65(304) dated 16-April-2021	-	(100,457.20)	(100,457.20)

2 <2603> Shamshuiipo Central ICYSC Decrease the deficit due to the tenancy agreement mismatched the monthly rental of \$6 for 2019/20 (\$6 x 12mths = \$72)	-	72.00	72.00
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Re-stated 2019/20 Rent & Rates Deficit b/f	<u>138,528.37</u>	<u>(2,435,338.45)</u>	<u>(2,296,810.08)</u>
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<u>Central Items Surplus b/f restated</u>	<u>Central Items Surplus</u>	<u>Central Items Deficit</u>	<u>Net Balance</u>
Surplus/(deficit) as per 2019/20 AFR	14,234,687.56	(5,567,503.81)	8,667,183.75
1 <3409> The Pilot Scheme on On-site Pre-school Rehabilitation Services (OPRS) Increase the surplus balance of Central Item due to adjusted the Rent & Rates of 2017/18 & 2018/19 as Rent & Rates deficit Ref: (10) in SWD SF/SAS/4-35/2/65(304) dated 16-April-2021	100,457.20	-	100,457.20 (Annex 6 (1 of 3))

Re-stated 2019/20 Central Items Surplus b/f	<u>14,335,144.76</u>	<u>(5,567,503.81)</u>	<u>8,767,640.95</u>
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Breakdown of surplus/(deficit) c/f:

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
(Deficit) for the year	-	(6,789,883.17)	-	(6,789,883.17)
(Deficit) b/f (Updated)	-	(138,943.45)	(5,567,503.81)	(5,706,447.26)
Surplus retained by agency (Note 11)	118,698,980.92	-	16,133,147.35	134,832,128.27
Surplus to be clawed back by SWD	-	657,981.37	9,401,041.93	10,059,023.30
Refund to Government in 2020/21	-	(134,841.00)	(4,658,747.11)	(4,793,588.11)
Surplus/(Deficit) c/f (Note 11)	118,698,980.92	(6,405,686.25)	15,307,938.36	127,601,233.03

Notes:

Including an amount \$Z being the utilised allocation under CI - ASCP / Enhanced ASCP - FWSS*

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

(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.