

**HONG KONG & MACAU LUTHERAN
CHURCH SOCIAL SERVICE LIMITED**

**ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2021 TO
31 MARCH 2022**

NICHOLAS FUNG & CO.
Certified Public Accountants

馮卓堅會計師事務所
NICHOLAS FUNG & CO.

Certified Public Accountants

**REVIEW REPORT
TO THE EXECUTIVE COUNCIL MEMBERS OF
HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED (“THE
ASSOCIATION”)**

We have audited the financial statements of the Association for the period from 1 April 2021 to 31 March 2022 and have issued an unqualified auditors’ report thereon dated 5 October 2022.

We conducted our review of the attached Annual Financial Report on page 2 to 7 of the Association for the period from 1 April 2021 to 31 March 2022 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 2022;

- (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 the LSG Manual; and
 - (iv) employed the staff quoted in the Provident Fund arrangements during the period from 1 April 2021 to 31 March 2022.

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.



NICHOLAS FUNG & CO.
Certified Public Accountants

Hong Kong, 5 October 2022

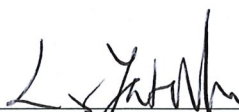
HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED

ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2021 to 31 MARCH 2022

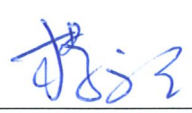
	<u>Note</u>	<u>2021-22</u> HK\$	<u>2020-21</u> HK\$
INCOME			
Lump Sum Grant			
(a) Lump Sum Grant (excluding provident fund)	1b	17,869,893.00	17,761,304.00
(b) Provident fund	1c	1,306,705.00	1,367,221.00
Fee income	2	1,942,412.50	1,906,540.50
Central items	3	2,186,836.00	2,031,383.00
Rent and rates	4	1,023,688.00	1,023,688.00
Other income	5	167,129.40	108,667.66
Interest received		163.53	194.87
TOTAL INCOME		<u>24,496,827.43</u>	<u>24,198,999.03</u>
EXPENDITURE			
Personal emoluments			
a) Salaries		13,802,471.31	13,707,856.11
b) Provident fund	1c	855,919.17	837,281.23
c) Allowances		44,790.00	40,287.00
Sub-total	6	<u>14,703,180.48</u>	<u>14,585,424.34</u>
Other charges	7	6,926,106.23	5,925,349.51
Central items	3	2,001,404.00	1,988,451.27
Rent and rates	4	1,662,714.00	1,425,448.30
TOTAL EXPENDITURE		<u>25,293,404.71</u>	<u>23,924,673.42</u>
(DEFICIT)/SURPLUS FOR THE YEAR	8	<u>(796,577.28)</u>	<u>274,325.61</u>

The Annual Financial Report from pages 2 to 7 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Approved by the Council on 5 October 2022



Leung Yat Man
President



Yeung Man Yuk
Vice-president

HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED

NOTES TO THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2021 to 31 MARCH 2022

1. LUMP SUM GRANT

(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 like depreciation, provisions and accruals have not been included in the AFR.

(b) Lump Sum Grant (excluding provident fund)

This represents Lump Sum Grant (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 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 HK\$</u>	<u>6.8% and other posts HK\$</u>	<u>Total HK\$</u>
Subvention received	251,406.00	1,055,299.00	1,306,705.00
Provident fund contribution paid during the year	(251,406.00)	(604,513.17)	(855,919.17)
Surplus for the year	-	450,785.83	450,785.83
Additional subvention received for previous year	-	10,862.00	10,862.00
Refund to the Government	(31,966.00)	-	(31,966.00)
Add: Surplus b/f	37,709.09	2,861,290.93	2,899,000.02
Surplus c/f	5,743.09	3,322,938.76	3,328,681.85

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 Lump Sum Grant Manual.

HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2021 to 31 MARCH 2022

3. CENTRAL ITEMS

These are subvented service activities which are not included in Lump Sum Grant and are subject to their own procedures as set out in other Social Welfare Department's papers and correspondence with 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 Lump Sum Grant Manual (October 2016)). The income and expenditure of each of the central items are as follows:

Unit code and name	Subvention element	Subvention released HK\$	2021-22 Actual expenditure HK\$	Surplus/ (Deficit) HK\$	Subvention released HK\$	2020-21 Actual expenditure HK\$	Surplus HK\$
2486 – Wai Kei Hostel	Dementia supplement for residential elderly services	944,834.00	944,834.00	-	970,853.00	970,853.00	-
	Infirmary care supplement for residential elderly services	1,047,002.00	1,047,002.00	-	856,638.00	856,638.00	-
	Time-limited programme on enhancing infection control and ventilation of residential care homes for elderly and residential care homes for persons with disabilities – On-site ventilation assessment	-	9,568.00	(9,568.00)	31,224.00	18,000.00	13,224.00
	Special allowance for staff of subvented residential service units in respect of COVID-19	-	-	-	172,668.00	142,960.27	29,707.73
	One-off subsidy for strengthened provision of visiting medical officer service for residential care homes for the elderly and visiting medical practitioner scheme for residential care homes for persons with disabilities	195,000.00	-	195,000.00	-	-	-
	Total	2,186,836.00	2,001,404.00	185,432.00	2,031,383.00	1,988,451.27	42,931.73

4. RENT AND RATES

This represents the amount paid by Social Welfare Department in respect of premises recognised by Social Welfare Department. Expenditure on rent and rates in respect of premises not recognised by Social Welfare Department have not been included in Annual Financial Report.

5. OTHER INCOME

This includes programme income and all income other than recognised social welfare fee income received during the year. Non-Social Welfare Department 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 AFR.

The breakdown on Other Income is as follows:

	2021-22 HK\$	2020-21 HK\$
(a) Fees and charges for services incidental to the operation of subvented services	140,729.40	108,667.66
(b) Others	26,400.00	-
	<u>167,129.40</u>	<u>108,667.66</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 HK\$700,000 each is appended below:

<u>Analysis of personal emoluments</u>	<u>No. of posts</u>	<u>HK\$</u>
HK\$1,000,001 – HK\$1,100,000 p.a.	1	1,018,095.00

7. OTHER CHARGES

The breakdown on other charges is as follows:

	2021-22 HK\$	2020-21 HK\$
(a) Utilities	528,160.40	444,501.60
(b) Food	1,250,425.82	984,940.46
(c) Administrative expenses	157,038.70	161,258.01
(d) Stores and equipment	194,559.10	164,719.10
(e) Repairs and maintenance	139,780.32	189,239.48
(f) Special allowances	-	-
(g) Programme expenses	395,732.27	483,554.70
(h) Transportation and traveling	43,138.52	38,637.73
(i) Insurance	107,589.16	96,540.31
(j) Miscellaneous	4,109,681.94	3,361,958.12
Total	<u>6,926,106.23</u>	<u>5,925,349.51</u>

8. ANALYSIS OF LUMP SUM GRANT RESERVE AND BALANCES OF OTHER SWD SUBVENTIONS

	Lump sum grant (LSG)	Rent and rates	Central items	Total
	HK\$	HK\$	HK\$	HK\$
INCOME				
Lump sum grant	19,176,598.00	-	-	19,176,598.00
Fee income	1,942,412.50	-	-	1,942,412.50
Other income	167,129.40	-	-	167,129.40
Interest received [Note (1)]	163.53	-	-	163.53
Rent and rates	-	1,023,688.00	-	1,023,688.00
Central items	-	-	2,186,836.00	2,186,836.00
Total income (a)	21,286,303.43	1,023,688.00	2,186,836.00	24,496,827.43
EXPENDITURE				
Personal emoluments	14,703,180.48	-	-	14,703,180.48
Other charges	6,926,106.23	-	-	6,926,106.23
Rent and rates	-	1,662,714.00	-	1,662,714.00
Central items	-	-	2,001,404.00	2,001,404.00
Total expenditure (b)	21,629,286.71	1,662,714.00	2,001,404.00	25,293,404.71
Surplus/(Deficit) for the year (a) - (b)	(342,983.28)	(639,026.00)	185,432.00	(796,577.28)
Less: Surplus of provident fund	(450,785.83)	-	-	(450,785.83)
	(793,769.11)	(639,026.00)	185,432.00	(1,247,363.11)
Surplus/(Deficit) b/f [Note (2)]	5,325,468.20	(400,208.30)	43,956.67	4,969,216.57
Add: Backpayment from SWD	-	409,041.00	-	409,041.00
Less: Refund to the Government	-	(7,280.20)	(33,363.73)	(40,643.93)
Surplus/(Deficit) c/f [Note (4)]	4,531,699.09	(637,473.50)	196,024.94	4,090,250.53

Notes

- (1) Interest received on Lump Sum Grant and Provident Fund reserves, rent and rates, central items are included as one item under Lump Sum Grant; and the item is considered as part of Lump Sum Grant reserve.
- (2) Accumulated balance of 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 Lump Sum Grant.
- (3) Amount of Lump Sum Grant Reserve used to cover the salary adjustment for Dementia Supplement and Infirmity Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of Lump Sum Grant cumulative reserve, less Lump Sum Grant Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED

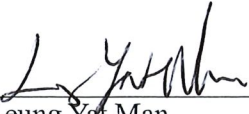
SCHEDULE FOR INVESTMENT

ANALYSIS OF INVESTMENT AS AT 31 MARCH 2022


	2021-2022	2020-2021
	HK\$'000	HK\$'000
LSG Reserve as at 31 March	4,532	5,325
	=====	=====
Represented by:		
Investments		
a. HKD Bank Account Balances	4,532	5,325
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds	-	-
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	4,532	5,325
	=====	=====

Note: The investment should be reported at historical cost.

Confirmed by:



Rev Leung Yat Man
President
Date: 5 October 2022



Rev Yeung Man Yuk
Vice-president
Date: 5 October 2022

ANNEX 1

HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED

SCHEDULE FOR CENTRAL ITEMS

ANALYSIS OF SUBVENTION AND EXPENDITURE FOR THE PERIOD FROM 1 APRIL 2021 to 31 MARCH 2022

Unit code	Name	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)				
			HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
2486	Wai Kei Hostel	Dementia Supplement for Residential Elderly Services	944,834.00	944,834.00	-	-	-	-	-	-	-	-
2486	Wai Kei Hostel	Infirmary Care Supplement for Residential Elderly Services	1,047,002.00	1,047,002.00	-	-	-	-	-	-	-	-
2486	Wai Kei Hostel	Time-limited programme on enhancing infection control and ventilation of residential care homes for elderly and residential care homes for persons with disabilities – On-site ventilation assessment	-	9,568.00	-	(9,568.00)	(9,568.00)	13,224.00	(3,656.00)	-	-	-
2486	Wai Kei Hostel	Special allowance for staff of subvented residential service units in respect of COVID-19	-	-	-	-	-	29,707.73	(29,707.73)	-	-	-
2486	Wai Kei Hostel	One-off subsidy for strengthened provision of visiting medical officer service for residential care homes for the elderly and visiting medical practitioner scheme for residential care homes for persons with disabilities	195,000.00	-	195,000.00	-	-	-	-	-	-	195,000.00
	TOTAL		2,186,836.00	2,001,404.00	195,000.00	(9,568.00)	(9,568.00)	42,931.73	(33,363.73)	-	-	195,000.00

ANNEX 1

HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED

SCHEDULE FOR CENTRAL ITEMS

ANALYSIS OF SUBVENTION AND EXPENDITURE FOR THE PERIOD FROM 1 APRIL 2021 to 31 MARCH 2022

Note:

1. The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advice(s) by the Treasury or allocation letter(s) issued by Social Welfare Department 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. (33) in SWD/S/104/2 Pt. 18 dated 4 March 2020.
 - (i) Dementia Supplement for Elderly with Disabilities
 - (ii) Infirmary Care Supplement for the Aged Blind Persons
 - (iii) Dementia Supplement for Residential Elderly Services
 - (iv) Infirmary Care Supplement for Residential Elderly Services
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 less refund to Government plus surplus, if any, arising from operations in current year.
7. Unit code and name/remittance advice no. are extracted from the payroll from SWD and remittance advice from the Treasury respectively.
8. 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 be included.
9. 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.
10. 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.

ANNEX 2

HONG KONG & MACAU LUTHERAN CHURCH SOCIAL SERVICE LIMITED

SCHEDULE FOR RENT AND RATES

ANALYSIS OF SUBVENTION AND EXPENDITURE FOR THE PERIOD FROM 1 APRIL 2021 to 31 MARCH 2022

<u>Unit code and name</u>	<u>Subvention element</u>	Subvention released (Note 1) HK\$	Actual expenditure (Note 2) HK\$	Surplus (Note 3) HK\$	Deficit (Note 3) HK\$
2486 – Wai Kei Hostel	Rent	819,300.00	837,060.00	-	(17,760.00)
	Rates	55,913.00	52,600.00	3,313.00	-
	Sub-total	<u>875,213.00</u>	<u>889,660.00</u>	<u>3,313.00</u>	<u>(17,760.00)</u>
7750 – Kei Fuk Elderly Centre	Rent	15,694.00	522,444.00	-	(506,750.00)
	Rates	28,621.00	30,500.00	-	(1,879.00)
	Management fee	104,160.00	220,110.00	-	(115,950.00)
	Sub-total	<u>148,475.00</u>	<u>773,054.00</u>	<u>-</u>	<u>(624,579.00)</u>
	Grant total	<u><u>1,023,688.00</u></u>	<u><u>1,662,714.00</u></u>	<u><u>3,313.00</u></u>	<u><u>(642,339.00)</u></u>

Note:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial year(s) (i.e. back payments) should not be included.
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.