

**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, 2020**

“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, 2020 and have issued an unqualified auditor's report thereon dated, 23 September, 2020.

We conducted our review of the attached Annual Financial Report on pages 2 to 17 of the Association for the year ended 31 March, 2020 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, 2020.

- 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, 2020.

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.

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

Hong Kong, 23 September, 2020

**ANNUAL FINANCIAL REPORT**  
**NGO: Hong Kong Christian Service**  
1 April 2019 to 31 March 2020

	Notes	Total 2019-20 \$	Total 2018-19 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	371,192,759.00	305,700,999.00
b. Provident Fund	1c	29,331,865.00	25,297,834.00
2. Fee Income	2	8,678,358.80	9,652,626.60
3. Central items	3	63,643,940.00	53,074,365.00
4. Rent and Rates	4	11,872,036.00	11,625,371.00
5. Other Income	5	6,168,611.76	7,724,116.73
6. Interest Received		1,740,711.69	1,300,688.09
<b>TOTAL INCOME</b>		492,628,282.25	414,376,000.42
<b>B. EXPENDITURE</b>			
1. Personal emoluments			
a. Salaries		320,386,225.14	278,707,458.05
b. Provident fund	1c	25,776,928.56	23,433,080.95
c. Allowances		5,039,795.45	4,508,419.42
Sub-total	6	351,202,949.15	306,648,958.42
2. Other Charges	7	34,319,109.56	33,750,513.44
3. Central Items	3	53,809,445.78	48,272,383.01
4. Rent and Rates	4	12,927,870.94	11,282,756.20
<b>TOTAL EXPENDITURE</b>		452,259,375.43	399,954,611.07
<b>C. SURPLUS</b>			
<b>FOR THE YEAR</b>	8	40,368,906.82	14,421,389.35

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

SIGNATURE



CHAIRMAN

DATE: 23 September, 2020



NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: 23 September, 2020

**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	8,334,851.00	20,720,114.00	29,054,965.00
Provident Fund Contribution Paid during the Year	(8,186,603.20)	(17,590,325.36)	(25,776,928.56)
Surplus for the year	148,247.80	3,129,788.64	3,278,036.44
Add: Surplus b/f	550,532.88	29,760,998.36	30,311,531.24
Additional subvention received for previous year(s)	-	276,900.00	276,900.00
Less: Refund to Government	(463,443.00)	-	(463,443.00)
Surplus c/f	235,337.68	33,167,687.00	33,403,024.68

**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:

	2019-20	2018-19
	\$	\$
<b>a. Income</b>		
Dementia Supplement for Residential Elderly Services	3,689,476.00	2,803,626.00
Infirmary Care Supplement for Residential Elderly Services	452,145.00	259,593.00
Dementia Supplement for Day Care Centres/units for the Elderly	-	373,812.00
Foster Care Allowance/Emergency Foster Care Allowance	31,553,508.00	30,873,434.00
After School Care Programme - Fee Waiving Subsidy Scheme	226,800.00	226,800.00
Time-defined Subsidy Scheme for Extended Hours Child Care Service Users (up to 31.08.2018)	-	21,405.00
Time-defined Subsidy Scheme for Extended Hours Child Care Service Users (up to 31.08.2021)	51,376.00	29,971.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	120,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services (Up to 30.9.2020)	7,448,202.00	7,205,395.00
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)	1,898,234.00	1,452,660.00
Time-defined Subsidy Scheme for Occasional Child Care Service (up to 31.03.2020)	111,300.00	111,300.00
Grant under Pilot Scheme on On-site Pre-school Rehabilitation Services (ended on 30.09.2018)	-	7,274,090.00
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly - KW Cluster (up to 14.02.2023)	15,957,278.00	1,512,279.00
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	-
<b>Total</b>	<b>63,643,940.00</b>	<b>53,074,365.00</b>
	<b>2019-20</b>	<b>2018-19</b>
	<b>\$</b>	<b>\$</b>
<b>b. Expenditure</b>		
Dementia Supplement for Residential Elderly Services	3,638,661.15	2,774,569.51
Infirmary Care Supplement for Residential Elderly Services	451,311.00	259,166.00
Dementia Supplement for Day Care Centres/units for the Elderly	-	373,812.00
Foster Care Allowance/Emergency Foster Care Allowance	27,957,950.10	26,775,925.90
After School Care Programme - Fee Waiving Subsidy Scheme	184,167.52	197,574.74
Time-defined Subsidy Scheme for Extended Hours Child Care Service Users (up to 31.08.2018)	-	18,720.00
Time-defined Subsidy Scheme for Extended Hours Child Care Service Users (up to 31.08.2021)	38,064.00	23,504.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	30,000.00	60,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services (Up to 30.9.2020)	8,751,650.06	8,721,458.06
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	810,000.00	540,000.00
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-Call allowance)	1,683,113.64	1,355,105.34
Time-defined Subsidy Scheme for Occasional Child Care Service (up to 31.03.2020)	10,011.00	4,018.50
Grant under Pilot Scheme on On-site Pre-school Rehabilitation Services (ended on 30.09.2018)	-	6,810,175.65
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly - KW Cluster (up to 14.02.2023)	9,490,715.31	358,353.31
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	-
<b>Total</b>	<b>53,809,445.78</b>	<b>48,272,383.01</b>

**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:

	2019-20 \$	2018-19 \$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	6,168,611.76	7,724,116.73
(b) Others	-	-
<b>Total</b>	<u><u>6,168,611.76</u></u>	<u><u>7,724,116.73</u></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 paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	18	13,320,009.80
HK\$800,001 - HK\$900,000 p.a.	13	10,896,608.82
HK\$900,001 - HK\$1,000,000 p.a.	11	10,348,644.96
HK\$1,000,001 - HK\$1,100,000 p.a.	26	26,536,140.03
HK\$1,100,001 - HK\$1,200,000 p.a.	7	8,030,057.02
>HK\$1,200,000 p.a.	3	4,390,060.79
	<u>78</u>	<u>73,521,521.42</u>

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

	2019-20 \$	2018-19 \$
<b>Other Charges</b>		
(a) Utilities	3,906,881.36	3,907,491.63
(b) Food	6,536,559.24	6,690,768.91
(c) Administrative Expenses	1,645,204.79	1,455,603.32
(d) Stores and Equipment	3,016,302.73	2,752,553.76
(e) Repair and Maintenance	3,731,334.24	3,398,925.28
(f) Special Allowances	1,062,645.19	463,302.66
(g) Programme Expenses	8,736,700.55	9,388,955.30
(h) Transportation and Travelling	1,253,946.86	1,258,251.23
(i) Insurance	2,406,733.67	2,402,439.28
(j) Miscellaneous	2,022,800.93	2,032,222.07
<b>Total</b>	<u><u>34,319,109.56</u></u>	<u><u>33,750,513.44</u></u>

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
<b>Income</b>				
Lump Sum Grant	400,524,624.00	-	-	400,524,624.00
Fee Income	8,678,358.80	-	-	8,678,358.80
Other Income	6,168,611.76	-	-	6,168,611.76
Interest Received (Note (1))	1,740,711.69	-	-	1,740,711.69
Rent and Rates	-	10,804,200.00	-	10,804,200.00
Central Items	-	-	63,643,940.00	63,643,940.00
<b>Total Income (a)</b>	<b>417,112,306.25</b>	<b>10,804,200.00</b>	<b>63,643,940.00</b>	<b>491,560,446.25</b>
<b>Expenditure</b>				
Personal Emoluments	351,202,949.15	-	-	351,202,949.15
Other Charges	34,319,109.56	-	-	34,319,109.56
Rent and Rates	-	12,927,870.94	-	12,927,870.94
Central Items	-	-	53,809,445.78	53,809,445.78
<b>Total Expenditure (b)</b>	<b>385,522,058.71</b>	<b>12,927,870.94</b>	<b>53,809,445.78</b>	<b>452,259,375.43</b>
<b>Surplus/(Deficit) for the year (a) - (b)</b>	<b>31,590,247.54</b>	<b>(2,123,670.94)</b>	<b>9,834,494.22</b>	<b>39,301,070.82</b>
Less: Surplus of Provident Fund	(3,554,936.44)	-	-	(3,554,936.44)
<b>Surplus b/f (Note (2))</b>	<b>28,035,311.10</b>	<b>(2,123,670.94)</b>	<b>9,834,494.22</b>	<b>35,746,134.38</b>
<b>(Deficit) b/f (Note (2))</b>	<b>65,358,807.31</b>	<b>174,800.37</b>	<b>8,415,878.42</b>	<b>73,949,486.10</b>
	-	(1,144,277.31)	(4,264,055.75)	(5,408,333.06)
	93,394,118.41	(3,093,147.88)	13,986,316.89	104,287,287.42
Add: Refund from Government	-	1,067,836.00	-	1,067,836.00
Less: Refund to Government <Ref.(8) in SWD SF/SAS/4-55/1(304)>	-	(171,113.00)	(5,319,133.14)	(5,490,246.14)
Less: Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note(3))	-	-	-	-
<b>Surplus/(Deficit) c/f (Note (4))</b>	<b>93,394,118.41</b>	<b>(2,196,424.88)</b>	<b>8,667,183.75</b>	<b>99,864,877.28</b>
	(S)		Note 11	

Breakdown of surplus/(deficit) c/f:

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
(Deficit) for the year	-	(2,258,511.94)	(1,303,448.06)	(3,561,960.00)
(Deficit) b/f (Updated)	-	(76,441.31)	(4,264,055.75)	(4,340,497.06)
Surplus retained by agency	93,394,118.41	-	8,868,455.95	102,262,574.36
Surplus to be clawed back by SWD	-	309,641.37	10,685,364.75	10,995,006.12
Refund to Government in 2019/20	-	(171,113.00)	(5,319,133.14)	(5,490,246.14)
<b>Surplus/(Deficit) c/f</b>	<b>93,394,118.41</b>	<b>(2,196,424.88)</b>	<b>8,667,183.75</b>	<b>99,864,877.28</b>

**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.