

HEUNG HOI CHING KOK LIN ASSOCIATION
香海正覺蓮社

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021

邱在光合伙會計師行有限公司
C K YAU & PARTNERS CPA LIMITED
Chartered Accountants
Certified Public Accountants (Practising)

11-13/F., Pico Tower
66 Gloucester Road
Wanchai, Hong Kong

REVIEW REPORT TO THE MANAGEMENT COMMITTEE OF

HEUNG HOI CHING KOK LIN ASSOCIATION

(incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Heung Hoi Ching Kok Lin Association ("the Association") for the year ended 31 March 2021 and have issued an unqualified auditors' report thereon dated 6 October 2021.

We conducted our review of the attached Annual Financial Report on pages 3 to 9 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 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 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;

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Directors

Joseph Y K Yau 邱賢君
FCPA(Practising) FCPA (Canada), CA, FCMA
FTIHK CTA BComm FCIS (Canada) FAIA
MSCA HonAAT MIHRM(HK) FHKSI FHKRFP

K T Tam 譚景棠
BA(Hons) FCPA(Practising) FCA
FCCA FTIHK MSCA CTA
FCIS FCS FHKRFP MHKSI

Janice S L Leung 梁秀麗
BA(Hons) FCPA(Practising) FCA
FCCA FTIHK MSCA CTA FHKRFP

Annie K Y Lai 黎啟瑩
BCom CPA(Practising)

Wilson Yau 邱偉信
BCom CPA(Practising)

Senior Consultant

Lindy W W Yau 邱韞華
FCPA ACA FAIA
MSCA MIHRM(HK) FLCCI

Senior Advisor

Alex C B Wong 王振邦
FCCA FTIHK FCPA FCA

REVIEW REPORT TO THE MANAGEMENT COMMITTEE OF
HEUNG HOI CHING KOK LIN ASSOCIATION
(incorporated in Hong Kong and limited by guarantee)

REVIEW CONCLUSIONS (CONTINUED)

- (b) (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 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.



C K Yau & Partners CPA Limited
Chartered Accountants
Certified Public Accountants (Practising)

TAM King Tong
Practising Certificate Number P02894

Hong Kong, 6 October 2021

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ANNUAL FINANCIAL REPORT

NGO: HEUNG HOI CHING KOK LIN ASSOCIATION

FOR THE PERIOD FROM 1 APRIL 2020 TO 31 MARCH 2021

(in Hong Kong Dollars)

	<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>
A. INCOME			
1. Lump Sum Grant			
(a) Lump Sum Grant (excluding Provident Fund)	1b	\$ 199,458,968.00	\$ 185,937,501.00
(b) Provident Fund	1c	14,837,215.00	14,189,876.00
2. Fee Income	2	22,447,197.60	22,335,972.00
3. Central Items	3	18,904,072.00	18,359,885.00
4. Rent and Rates	4	2,730,670.00	2,820,690.00
5. Other Income	5	1,156,519.05	2,791,671.15
6. Interest Received		1,125,652.73	1,664,438.28
TOTAL INCOME		\$ 260,660,294.38	\$ 248,100,033.43
B. EXPENDITURE			
1. Personal Emoluments			
(a) Salaries		\$ 183,398,972.83	\$ 168,412,330.35
(b) Provident Fund	1c	11,486,151.70	10,613,819.14
(c) Allowances		5,969,691.86	3,849,386.97
Sub-total	6	200,854,816.39	182,875,536.46
2. Other Charges	7	38,021,220.81	38,039,921.29
3. Central Items	3	17,917,302.35	16,547,619.48
4. Rent and Rates	4	2,706,979.00	2,728,879.80
TOTAL EXPENDITURE		\$ 259,500,318.55	\$ 240,191,957.03
C. SURPLUS FOR THE YEAR	8	\$ 1,159,975.83	\$ 7,908,076.40

The Annual Financial Report from pages 3 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



 Chairman
 SHI Hongming



 First Vice Chairman
 SIK Ku Tay

Date : 6 October 2021

NGO: HEUNG HOI CHING KOK LIN ASSOCIATION

**NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2020 TO 31 MARCH 2021**
(in Hong Kong Dollars)

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 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 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	\$ 3,313,776.00	\$ 11,523,439.00	\$ 14,837,215.00
Provident Fund Contribution Paid during the year	(2,941,698.23)	(8,544,453.47)	(11,486,151.70)
Surplus for the year	372,077.77	2,978,985.53	3,351,063.30
<u>Add:</u> Surplus b/f	400,041.87	34,558,609.05	34,958,650.92
<u>Less:</u> Refunded to SWD for 2018/19	(233,732.00)	-	(233,732.00)
Adjusted by SWD for 2018/19	-	119,796.00	119,796.00
Surplus c/f	<u>\$ 538,387.64</u>	<u>\$ 37,657,390.58</u>	<u>\$ 38,195,778.22</u>

NGO: HEUNG HOI CHING KOK LIN ASSOCIATION

**NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2020 TO 31 MARCH 2021**

(in Hong Kong Dollars)

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 Lump Sum Grant Manual.

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 SWD's papers and correspondence with the NGO. 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:

	<u>2020/21</u>	<u>2019/20</u>
(a) Income		
Dementia Supplement for Residential Elderly Services	\$ 11,079,146.00	\$ 10,525,858.00
Infirmiry Care Supplement for Residential Elderly Services	4,854,282.00	3,526,731.00
Training Sponsorship Scheme for MOT/MPT Programme	320,000.00	-
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	-	1,656,652.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	2,650,644.00	2,650,644.00
Total	\$ 18,904,072.00	\$ 18,359,885.00
(b) Expenditure		
Dementia Supplement for Residential Elderly Services	\$ 11,079,146.00	\$ 10,525,858.00
Infirmiry Care Supplement for Residential Elderly Services	4,854,282.00	3,526,731.00
Training Sponsorship Scheme for MOT/MPT Programme	-	540,000.00
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"	-	40,050.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	1,983,874.35	1,914,980.48
Total	\$ 17,917,302.35	\$ 16,547,619.48

4. RENT AND RATES

This represents the amount paid by Social Welfare Department (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 the Annual Financial Report.

NGO: HEUNG HOI CHING KOK LIN ASSOCIATION

**NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2020 TO 31 MARCH 2021**

(in Hong Kong Dollars)

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 the 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:

	<u>2020/21</u>	<u>2019/20</u>
(a) Fees and charges for services incidental to the operation of subvented services	\$ 1,041,704.90	\$ 2,310,877.50
(b) Programme fee income	57,085.00	395,468.10
(c) Income of Health Food	47,006.00	66,869.00
(d) Sundry income	10,723.15	18,456.55
Total	<u>\$ 1,156,519.05</u>	<u>\$ 2,791,671.15</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	<u>No. of Posts</u>	
HK\$700,001 – HK\$800,000 p.a.	12	\$ 8,912,420.84
HK\$800,001 – HK\$900,000 p.a.	14	11,939,730.97
HK\$900,001 – HK\$1,000,000 p.a.	6	5,776,724.41
HK\$1,000,001 – HK\$1,100,000 p.a.	3	3,086,986.20
HK\$1,100,001 – HK\$1,200,000 p.a.	2	2,227,920.00
>HK\$1,200,000 p.a.	3	4,740,381.00

7. OTHER CHARGES

The breakdown on Other Charges is as follows :

	<u>2020/21</u>	<u>2019/20</u>
(a) Utilities	\$ 8,509,556.03	\$ 8,779,113.65
(b) Food	11,196,025.16	11,245,944.33
(c) Administrative Expenses	1,174,410.43	1,241,667.90
(d) Stores and Equipment	7,796,364.45	6,878,873.21
(e) Repair and Maintenance	4,548,505.32	5,352,606.89
(f) Programme Expenses	394,684.35	749,475.59
(g) Transportation and Travelling	426,251.35	355,921.09
(h) Insurance	2,727,554.17	2,330,012.06
(i) Miscellaneous	1,247,869.55	1,106,306.57
Total	<u>\$ 38,021,220.81</u>	<u>\$ 38,039,921.29</u>

NGO: HEUNG HOI CHING KOK LIN ASSOCIATION

**NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2020 TO 31 MARCH 2021**
(in Hong Kong Dollars)

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

	<u>Lump Sum Grant (LSG)</u>	<u>Rent and Rates</u>	<u>Central Items</u>	<u>Total</u>
Income				
Lump Sum Grant	\$ 214,296,183.00	\$ -	\$ -	\$ 214,296,183.00
Fee Income	22,447,197.60	-	-	22,447,197.60
Other Income	1,156,519.05	-	-	1,156,519.05
Interest Received (Note 1)	1,125,652.73	-	-	1,125,652.73
Rent and Rates	-	2,730,670.00	-	2,730,670.00
Central Items	-	-	18,904,072.00	18,904,072.00
Total Income (a)	<u>\$ 239,025,552.38</u>	<u>\$ 2,730,670.00</u>	<u>\$ 18,904,072.00</u>	<u>\$ 260,660,294.38</u>
Expenditure				
Personal Emoluments	\$ 200,854,816.39	\$ -	\$ -	\$ 200,854,816.39
Other Charges	38,021,220.81	-	-	38,021,220.81
Rent and Rates	-	2,706,979.00	-	2,706,979.00
Central Items	-	-	17,917,302.35	17,917,302.35
Total Expenditure (b)	<u>\$ 238,876,037.20</u>	<u>\$ 2,706,979.00</u>	<u>\$ 17,917,302.35</u>	<u>\$ 259,500,318.55</u>
Surplus for the year (a)-(b)	\$ 149,515.18	\$ 23,691.00	\$ 986,769.65	\$ 1,159,975.83
Less: Surplus of Provident Fund	(3,351,063.30)	-	-	(3,351,063.30)
	(3,201,548.12)	23,691.00	986,769.65	(2,191,087.47)
Surplus / (Deficit) b/f (Note 2)	<u>82,497,214.09</u>	<u>(55,597.80)</u>	<u>2,352,265.52</u>	<u>84,793,881.81</u>
	79,295,665.97	(31,906.80)	3,339,035.17	82,602,794.34
Add: Refund from Government	-	90,378.00	-	90,378.00
<u>Less</u> : Refund to Government	-	-	(2,352,265.52)	(2,352,265.52)
Refund to sub-units for charging rent and rates for 2017/18 to 2019/20	-	(34,780.20)	-	(34,780.20)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note 3))	-	-	-	-
Surplus c/f (Note 4)	<u>\$ 79,295,665.97</u>	<u>\$ 23,691.00</u>	<u>\$ 986,769.65</u>	<u>\$ 80,306,126.62</u>

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 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, 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.

SCHEDULE FOR CENTRAL ITEMS

ANALYSIS OF SUBVENTION AND EXPENDITURE

FOR THE PERIOD FROM 1 APRIL 2020 TO 31 MARCH 2021

NAME OF NGO: HEUNG HOI CHING KOK LIN ASSOCIATION

Unit Code and Name / Remittance Advice No. (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3)	Deficit for the year			Surplus b/f (Note 5)	Refunded to Government (f)	Adjustment (g)	Surplus c/f (Note 6) (b)-(e)+(g)-(f)-(g)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d)-(b)-(c)				
#7977 Buddhist Po Ching Home for the Aged Women	Dementia Supplement for Residential Elderly Services	\$ 5,539,573.00	\$ 5,539,573.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#7976 Buddhist Po Ching Care and Attention Home for the Aged Women	Dementia Supplement for Residential Elderly Services	2,969,668.00	2,969,668.00	-	-	-	-	-	-	-	-
#7975 Buddhist Li Ka Shing Care and Attention Home for the Elderly	Dementia Supplement for Residential Elderly Services	2,569,905.00	2,569,905.00	-	-	-	-	-	-	-	-
#2522 Buddhist Po Ching Home for the Aged Women	Infirmity Care Supplement for Residential Elderly Services	4,854,282.00	4,854,282.00	-	-	-	-	-	-	-	-
#251 Heung Hoi Ching Kok Lin Association (NGO)	Training sponsorship scheme for MOT/MPT programme	320,000.00	-	320,000.00	-	-	-	-	-	-	320,000.00
(As per SWD letter : SWD/S/203/7 on 11 February 2020)	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"	-	-	-	-	-	-	-	(1,616,602.00)	-	-
(As per SWD letter : SWD/S/1-90/4-3 on 26 February 2020)	Special allowance for staff of subvented residential service units in respect of COVID-19	2,650,644.00	1,983,874.35	666,769.65	-	-	-	735,663.52	(735,663.52)	-	666,769.65
Total		18,904,072.00	17,917,302.35	986,769.65	-	-	-	2,352,265.52	(2,352,265.52)	-	986,769.65

Note :

- 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.e. 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 SWDS/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 codes 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.

SCHEDULE FOR RENT AND RATES

ANALYSIS OF SUBVENTION AND EXPENDITURE

FOR THE PERIOD FROM 1 APRIL 2020 TO 31 MARCH 2021

NAME OF NGO: HEUNG HOI CHING KOK LIN ASSOCIATION

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
#7889 – Buddhist Po Ching Home for the Aged Women	Rent (Note 3)	230,446.00	230,400.00	46.00	-
	Rates	384,077.00	364,000.00	20,077.00	-
	Total	614,523.00	594,400.00	20,123.00	-
#2552 – Buddhist Po Ching Care and Attention Home for the Aged Women	Rent (Note 3)	41,719.00	57,960.00	-	(16,241.00)
	Rates	75,133.00	76,600.00	-	(1,467.00)
	Total	116,852.00	134,560.00	-	(17,708.00)
#2553 – Buddhist Li Ka Shing and Attention Home for the Elderly	Rent (Note 3)	280,703.00	280,703.00	-	-
	Rates	472,000.00	472,000.00	-	-
	Total	752,703.00	752,703.00	-	-
#7886 – Buddhist Li Chong Yuet Ming Nursing Home for the Elderly	Rent (Note 3)	279,990.00	284,400.00	-	(4,410.00)
	Rates	466,650.00	454,000.00	12,650.00	-
	Total	746,640.00	738,400.00	12,650.00	(4,410.00)
#2643 – Buddhist Ho Wong Po Neighbourhood Elderly Centre	Rent (Note 3)	485,016.00	485,016.00	-	-
	Rates	14,936.00	1,900.00	13,036.00	-
	Total	499,952.00	486,916.00	13,036.00	-
	Grant Total	2,730,670.00	2,706,979.00	45,809.00	(22,118.00)

Notes:

- 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.
- Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
- Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government rent.

Remark:

To tally with the amount shown in this schedule with that reported in Note 8 of AFR, back payments of rent and rates can be excluded from “Income” and be shown as a separate item after “Surplus/ deficit b/f” in Note 8 of AFR.