

(FOR SOCIAL WELFARE DEPARTMENT INFORMATION PURPOSE ONLY)

HONG KONG - MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31ST MARCH, 2021

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Review report to the Management Board of

Hong Kong – Macao Conference of Seventh-day Adventists (“the Charity”)

We have audited the financial statements of the Charity for the year ended 31st March, 2021 and have issued an unqualified auditors’ report thereon dated 27th September, 2021.

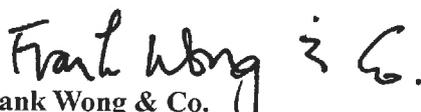
We conducted our review of the attached Annual Financial Report on pages 2 to 6 of the Charity for the year ended 31st March, 2021 in accordance with Practice Note 851 “Review of the Annual Financial Reports of Non-governmental Organisations” issued by the Hong Kong Institute of Certified Public Accountants. 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 Charity, on which the above audited financial statements of the Charity 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 Charity for the year ended 31st March, 2021.

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Charity; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Charity 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 31st 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.


Frank Wong & Co.
Certified Public Accountants

Hong Kong, Date: 27 SEP 2021

ANNUAL FINANCIAL REPORT

NGO: HONG KONG-MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS

(1 April 2020 to 31 March 2021)

	Notes	2020-21 \$	2019-20 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	16,906,391.00	16,720,525.00
b. Provident Fund	1c	1,080,022.00	1,080,022.00
2. Fee Income	2	14,436.00	9,870.00
3. Central Items	3	187,968.00	124,200.00
4. Rent and Rates	4	933,432.00	932,517.00
5. Other Income	5	256,093.49	1,311,049.34
6. Interest Received		112.01	4,702.03
TOTAL INCOME		19,378,454.50	20,182,885.37
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		15,541,381.18	15,695,420.02
b. Provident Fund	1c	857,947.26	919,780.58
c. Allowances		-	-
Sub-total	6	16,399,328.44	16,615,200.60
2. Other Charges	7	1,708,997.01	2,165,150.68
3. Central Items	3	192,221.60	172,196.55
4. Rent and Rates	4	816,552.00	990,566.00
TOTAL EXPENDITURE		19,117,099.05	19,943,113.83
C. SURPLUS/ (DEFICIT) FOR THE YEAR	8	261,355.45	239,771.54

The Annual Financial Report from pages 2 to 6 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

SIGNATURE




CHAIRMAN

NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: 27 SEP 2021

DATE: 27 SEP 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>	Snapshot Staff	6.8% and Other Posts	Total
	\$	\$	\$
Subvention Received	-	1,080,022.00	1,080,022.00
Provident Fund Contribution Paid during the Year	-	(857,947.26)	(857,947.26)
Surplus/ (Deficit) for the Year	-	222,074.74	222,074.74
Add : Surplus/ (Deficit) b/f	-	1,828,931.87	1,828,931.87
Additional subvention received for previous year(s)			
Less : Refund to Government	-	-	-
Surplus/ (Deficit) c/f	-	2,051,006.61	2,051,006.61

- 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	\$	\$
After School Care Programme – Fee Waiving Subsidy Scheme	187,968.00	124,200.00
Total	<u>187,968.00</u>	<u>124,200.00</u>
b. Expenditure	\$	\$
After School Care Programme – Fee Waiving Subsidy Scheme	192,221.60	172,196.55
Total	<u>192,221.60</u>	<u>172,196.55</u>

- 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	142,430.00	984,363.10
(b) Subsidy from Central Items (CI) – After School Care Programme (ASCP)	120,313.00	-
(c) Others	113,663.49	326,686.24
Sub-Total	<u>376,406.49</u>	<u>1,311,049.34</u>
<u>Less: Utilised allocation under CI - ASCP / Enhanced ASCP - FWSS which forms as part of Other Income*</u>	<u>(120,313.00)</u>	<u>-</u>
Total	<u>256,093.49</u>	<u>1,311,049.34</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.	1	725,695.20
HK\$800,001 - HK\$900,000 p.a.		
HK\$900,001 - HK\$1,000,000 p.a.	1	915,175.80
HK\$1,000,001 - HK\$1,100,000 p.a.		
HK\$1,100,001 - HK\$1,200,000 p.a.		
>HK\$1,200,000 p.a.		

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2020-21	2019-20
	\$	\$
(a) Utilities	63,880.80	171,798.00
(b) Food	-	-
(c) Administrative Expenses	286,138.99	133,065.10
(d) Stores and Equipment	60,835.15	132,787.95
(e) Repair and Maintenance	194,564.23	169,181.00
(f) Special Allowances	-	-
(g) Programme Expenses	792,612.14	1,275,298.02
(h) Transportation and Travelling	18,867.00	20,612.80
(i) Insurance	253,678.70	207,797.81
(j) Miscellaneous	158,733.00	54,610.00
Sub-Total	1,829,310.01	2,165,150.68
<u>Less: Utilised allocation under CI -</u> ASCP which forms as part of Other Income to fund the operating expenses of FSA-related activities	(120,313.00)	-
Total	1,708,997.01	2,165,150.68

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	17,986,413.00				17,986,413.00
Fee Income	14,436.00				14,436.00
Other Income	376,406.49	(120,313.00)			256,093.49
Interest Received (Note (1))	112.01				112.01
Rent and Rates			933,432.00		933,432.00
Central Items				187,968.00	187,968.00
Total Income (a)	18,377,367.50	(120,313.00)	933,432.00	187,968.00	19,378,454.50
Expenditure					
Personal Emoluments	16,399,328.44				16,399,328.44
Other Charges	1,829,310.01	(120,313.00)			1,708,997.01
Rent and Rates			816,552.00		816,552.00
Central Items				192,221.60	192,221.60
Total Expenditure (b)	18,228,638.45	(120,313.00)	816,552.00	192,221.60	19,117,099.05
Surplus/(Deficit) for the Year (a) - (b)	148,729.05	-	116,880.00	(4,253.60)	261,355.45
Less : Surplus/ (Deficit) of Provident Fund	222,074.74	-	-	-	222,074.74
	(73,345.64)	-	116,880.00	(4,253.60)	39,280.71
Surplus/ (Deficit) b/f (Note (2))	3,875,868.37	-	(61,199.60)	-	3,814,668.77
	3,802,522.68	-	55,680.40	(4,253.60)	3,853,949.48
Add : Refund from Government NEC Rent 2019/20			80,414.00		80,414.00
Less : Refund to Government Claw back NEC Rates 2019/2020 Claw back SK Rates 2019/2020 Claw back SK rent 2019/2020			15,640.00 6,177.00 548.00		15,640.00 6,177.00 548.00
Add: Central item reserve - ASCP				9,808.60	9,808.60
Surplus/ (Deficit) c/f (Note (4))	3,802,522.68	-	113,729.40	5,555.00	3,921,807.08

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.