

Annual Financial Report

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON
– SOCIAL WELFARE SERVICE DIVISION

31 March 2019



Annual Financial Report

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON – SOCIAL WELFARE SERVICE DIVISION

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Review report

To the Executive Committee of The Lok Sin Tong Benevolent Society, Kowloon - Social Welfare Service Division

We have audited the financial statements of The Lok Sin Tong Benevolent Society, Kowloon – Social Welfare Service Division (the "Division") for the year ended 31 March 2019 and have issued an unqualified auditor's report thereon dated 30 September 2019.

We conducted our review of the attached Annual Financial Report ("AFR") on pages 2 to 10 of the Division for the year ended 31 March 2019 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 Division, on which the above audited financial statements of the Division are based.

Review conclusion

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 Division for the year ended 31 March 2019:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Division; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Division has not:
 - i. properly accounted for the receipt of Lump Sum Grant ("LSG"), 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 Lump Sum Grant Manual; and
 - iv. employed the staff quoted in the Provident Fund arrangements during the year ended 31 March 2019.

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.

Certified Public Accountants
Hong Kong

30 SEP 2019

ANNUAL FINANCIAL REPORT

NGO : THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

1 APRIL 2018 TO 31 MARCH 2019

	<u>Notes</u>	<u>Total 2018-19 \$</u>	<u>Total 2017-18 \$</u>	<u>Remarks</u>
A. INCOME				
1. Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	72,413,588.00	49,226,809.00	
b. Provident Fund	1c	4,407,430.00	4,118,480.00	
2. Fee Income	2	7,109,788.40	6,885,810.20	
3. Central Items	3	2,065,559.00	2,193,816.00	
4. Rent and Rates	4	1,287,871.00	1,282,320.00	
5. Other Income	5	1,686,416.30	2,023,452.00	
6. Interest Received		216,539.24	68,684.11	
TOTAL INCOME		<u>89,187,191.94</u>	<u>65,799,371.31</u>	
B. EXPENDITURE				
1. Personal Emoluments				
a. Salaries		49,450,175.03	43,162,170.10	
b. Provident Fund	1c	3,345,854.58	3,070,809.62	
Sub-total	6	52,796,029.61	46,232,979.72	
2. Other Charges	7	28,181,029.18	11,424,713.77	
3. Central Items	3	2,065,559.00	2,226,424.81	
4. Rent and Rates	4	1,620,244.00	1,565,312.00	
TOTAL EXPENDITURE		<u>84,662,861.79</u>	<u>61,449,430.30</u>	
C. SURPLUS FOR THE YEAR	8	<u><u>4,524,330.15</u></u>	<u><u>4,349,941.01</u></u>	

The Annual Financial Report from pages 2 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



Dr. Yang Xiao Ling
Chairman
Date : **30 SEP 2019**



Lau Oi Sze
Chief Executive
Date : **30 SEP 2019**

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	1,341,390.00	3,066,040.00	4,407,430.00
Provident Fund Contribution Paid during the Year	<u>1,346,109.72</u>	<u>1,999,744.86</u>	<u>3,345,854.58</u>
Surplus/(Deficit) for the Year	(4,719.72)	1,066,295.14	1,061,575.42
Add: Surplus b/f	208,201.65	5,557,416.91	5,765,618.56
Adj: Surplus in 2016/2017 (Ref: DPVN5118C0000025-195)	<u>(124,824.00)</u>	<u>35,507.00</u>	<u>(89,317.00)</u>
Surplus c/f	<u><u>78,657.93</u></u>	<u><u>6,659,219.05</u></u>	<u><u>6,737,876.98</u></u>

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 LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

	2018-19 \$	2017-18 \$
a. Income		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmary Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	1,609,489.00	1,563,516.00
Infirmary Care Supplement for Residential Elderly Services	259,593.00	420,300.00
Dementia Supplement for Day Care Centres / units for the Elderly	-	-
Foster Care Allowance / Emergency Foster Care Allowance	-	-
After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Services Users	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy	-	-
NSCCP - Subsidy for Fee Reduction / Waiving	-	-
NSCCP - Rent and Rates	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	196,477.00	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services - Training Cost	-	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	210,000.00
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Total :	<u>2,065,559.00</u>	<u>2,193,816.00</u>

	2018-19 \$	2017-18 \$
b. Expenditure		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	1,609,489.00	1,775,576.61
Infirmity Care Supplement for Residential Elderly Services	259,593.00	364,648.20
Dementia Supplement for Day Care Centres / units for the Elderly	-	-
Foster Care Allowance / Emergency Foster Care Allowance	-	-
After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Services Users	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy	-	-
NSCCP - Subsidy for Fee Reduction / Waiving	-	-
NSCCP - Rent and Rates	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	196,477.00	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services - Training Cost	-	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	86,200.00
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Total :	<u>2,065,559.00</u>	<u>2,226,424.81</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:

	2018-19	2017-18
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	1,167,041.00	1,480,339.00
(b) Others	519,375.30	543,113.00
Total	1,686,416.30	2,023,452.00

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	703,685.00
HK\$800,001 - HK\$900,000 p.a.	-	-
HK\$900,001 - HK\$1,000,000 p.a.	1	969,542.00
	1	989,276.00
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:

<u>Other Charges</u>	<u>2018-19</u> <u>\$</u>	<u>2017-18</u> <u>\$</u>
(a) Utilities	2,269,833.60	2,258,982.95
(b) Food	3,844,269.55	3,742,090.17
(c) Administrative Expenses	230,116.53	386,201.60
(d) Store and Equipment	919,364.08	827,423.51
(e) Repair and Maintenance	955,920.50	740,840.80
(f) Programme Expenses	1,278,105.76	1,536,544.51
(g) Transportation and Travelling	70,104.67	229,178.22
(h) Insurance	448,372.12	415,101.61
(i) Medical & Nursing	17,355,336.37	809,516.90
(j) Miscellaneous - Fixed Assets	809,606.00	478,833.50
Total	<u>28,181,029.18</u>	<u>11,424,713.77</u>

8. Analysis of Reserve Fund

	Analysis of Reserve Fund			
	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
Income				
Lump Sum Grant	76,821,018.00	-	-	76,821,018.00
Fee Income	7,109,788.40	-	-	7,109,788.40
Other Income	1,686,416.30	-	-	1,686,416.30
Interest Received (Note 1)	216,539.24	-	-	216,539.24
Rent and Rates	-	1,287,871.00	-	1,287,871.00
Central Items	-	-	2,065,559.00	2,065,559.00
Total Income (a)	85,833,761.94	1,287,871.00	2,065,559.00	89,187,191.94
Expenditure				
Personal Emoluments	52,796,029.61	-	-	52,796,029.61
Other Charges	28,181,029.18	-	-	28,181,029.18
Rent and Rates	-	1,620,244.00	-	1,620,244.00
Central Items	-	-	2,065,559.00	2,065,559.00
Total Expenditure (b)	80,977,058.79	1,620,244.00	2,065,559.00	84,662,861.79
Surplus / (Deficit) for the Year (a) - (b)	4,856,703.15	(332,373.00)	-	4,524,330.15
<u>Less</u> : Surplus of Provident Fund	(1,061,575.42)	-	-	(1,061,575.42)
	3,795,127.73	(332,373.00)	-	3,462,754.73
Surplus / (Deficit) b/f (Note 2)	11,821,090.53	(279,914.00)	106,390.28	11,647,566.81
	15,616,218.26	(612,287.00)	106,390.28	15,110,321.54
<u>Add</u> : Backpayment from Government of Government Rent 2017/2018	-	48,463.00	-	48,463.00
Backpayment from Government of Rates 2017/2018	-	60,079.00	-	60,079.00
Backpayment from Government of PHE Rental 2017/2018	-	167,040.00	-	167,040.00
Backpayment from Government of Rates 2017/2018	-	2,168.00	-	2,168.00
Backpayment from Government of Government Rent 2017/2018	-	2,411.00	-	2,411.00
Backpayment from Government of Rates 2017/2018	-	352.00	-	352.00
Backpayment from Government of Other Rental 2017/2018	-	96.00	-	96.00
Backpayment from Government of Rates 2017/2018	-	2,383.00	-	2,383.00
<u>Less</u> : Claw back to Government of ICS/DC 2017/2018	-	-	(226,459.19)	(226,459.19)
<u>Adj.</u> : Central Items for the Year 2012/2013 & 2013/2014 deficit transfer to LSG	(120,068.91)	-	120,068.91	-
Surplus c/f (Note 4)	15,496,149.35	(329,295.00)	-	15,166,854.35
	S	Note 2	Note 2	

Notes:

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items, Special One-off Grant 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 of Central Items.
- (4) The level of LSG cumulative reserves (i.e. \$), 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 April 2018 to Mar 2019

Name of Agency: The Lok Sin Tong Benevolent Society, Kowloon

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3)	Surplus / (Deficit) b/f (Note 5)	Surplus set off & Claw back (Note 4)	Surplus / (Deficit) c/f (Note 6)
		\$	\$	(a)	(b)	(c)	(e)=(a)+(b)+(c)
Unit code: 6351 The Lok Sin Tong Benevolent	Dementia Supplement for Elderly with Disabilities			\$	\$	\$	\$
	Infirmary Care Supplement for the Aged Blind Persons						
	Dementia Supplement for Residential Elderly Services	1,609,489.00	1,609,489.00	-	(52,492.76)	52,492.76	-
	Infirmary Care Supplement for Residential Elderly Services	259,593.00	259,593.00	-	35,083.04	(35,083.04)	-
	Dementia Supplement for Day Care Centres / Units for the Elderly						
	Foster Care Allowance / Emergency Foster Care Allowance						
	After School Care Programme - Fee Waiving Subsidy Scheme						
	Temporary Financial Aid						
	Emergency Fund						
	Time-defined Subsidy Scheme for Extended Hours Services Users						
	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services						
	Short-term Rental Assistance						
	Regularised Programme Assistants (PA) / Care Assistants (CA)	-	-	-	-	-	-
	Overnight On-site-on-call Allowance						
	Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy						
	NSCCP - Subsidy for Fee Reduction / waiving						
	NSCCP - Rent and Rates						
	Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes						
	Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	196,477.00	196,477.00	-	-	-	-
	Financial Incentive Scheme for Mentors of Employees with Disabilities						
	Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities						
	Time-defined Subsidy Scheme for Occasional Child Care Service						
	Enhanced After School Care Programme - Fee Waiving Subsidy						
	Navigation Scheme for Young Persons in Care Services - Operating Expenses						
	Navigation Scheme for Young Persons in Care Services - Training Cost						
	Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services						
	One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly				123,800.00	(123,800.00)	-
	One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities						
Total:		2,065,559.00	2,065,559.00	-	106,390.28	(106,390.28)	-

Notes:

- The figures for the whole financial year are extracted from the payroll for March (Final) 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.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. (5) in SWD/S/104/2 Pt. 18 dated 20 July 2018.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmary Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmary 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 are extracted from the payroll from SWD.
- 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. The income and expenditure for the Special one-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmary Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt.6 dated 4 February 2016 should also be included in the income/expenditure of the respective items.

Schedule for Rent and Rates

Analysis of Subvention and Expenditure for the Period from 1.4.2018 to 31.3.2019

Name of Agency: The Lok Sin Tong Benevolent Society, Kowloon

Unit Code and Name	Subvented Element	Subvention Released (Note 1)			Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		Current Year	Backpayment	Total			
3900 Chu Ting Cheong		\$	\$	\$	\$	\$	\$
	Rent (Note 3)	126,078	48,463	174,541	180,000	-	53,922
	Rates	227,056	60,079	287,135	290,000	-	62,944
	Total:	353,134	108,542	461,676	470,000	-	116,866
3913 Leung Kau Kui							
	Rent	883,704	167,040	1,050,744	1,106,912	-	223,208
	Rates	19,481	2,168	21,649	16,700	2,781	-
	Total:	903,185	169,208	1,072,393	1,123,612	2,781	223,208
3901 Wan Lap Keung							
	Rent	6,280	2,411	8,691	9,000	-	2,720
	Rates	10,128	352	10,480	5,000	5,128	-
	Total:	16,408	2,763	19,171	14,000	5,128	2,720
3902 Chan Lai Jeong Kiu							
	Rent	2,148	96	2,244	2,532	-	384
	Rates	12,996	2,383	15,379	10,100	2,896	-
	Total:	15,144	2,479	17,623	12,632	2,896	384
	Grand Total:	1,287,871	282,992	1,570,863	1,620,244	10,805	343,178

Note: 1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.

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, car park rent, management fee, building maintenance fee and Government Rent.