

ASBURY METHODIST SOCIAL SERVICE

**AUDITORS' REVIEW REPORT AND
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

麥永建、何麗賢會計師行有限公司
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REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT OF ASBURY METHODIST SOCIAL SERVICE

Review Report to the Management Board of Asbury Methodist Social Service (“the Agency”)

We have audited the financial statements of the Agency for the year ended 31 March 2019 and have issued an unqualified independent auditor’s report thereon dated **31 OCT 2019**

We conducted our review of the attached Annual Financial Report on pages 2 to 11 of the Agency for the year ended 31 March 2019 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 Agency, on which the above audited financial statements of the Agency 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 Agency 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 Agency; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Agency has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Special One-off 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 Special One-off Grant and Provident Fund arrangements during the year ended 31 March 2019.

This report is intended for filing with Social Welfare Department of the Government of HKSAR and should not be used for any other purpose.

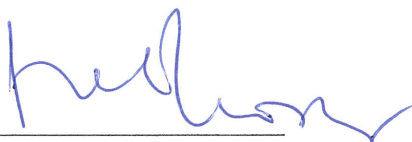
W. K. MAK & STELLA HO CPA LIMITED
Certified Public Accountants

Hong Kong, **31 OCT 2019**


ANNUAL FINANCIAL REPORT
NGO : ASBURY METHODIST SOCIAL SERVICE (028)
1 APRIL 2018 TO 31 MARCH 2019

	Notes	2018 - 2019 \$	2017 - 2018 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	16,879,570.00	15,544,739.00
b. Provident Fund	1c	1,154,422.00	1,064,897.00
2. Fee Income	2	38,740.00	50,462.00
3. Central Items	3	167,400.00	168,000.00
4. Rent and Rates	4	397,949.00	397,003.00
5. Other Income	5	3,019,257.59	3,101,865.15
6. Interest Received		1,393.85	250.30
TOTAL INCOME		<u>21,658,732.44</u>	<u>20,327,216.45</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		15,929,085.50	15,140,633.80
b. Provident Fund	1c	933,495.46	896,075.53
c. Allowances		-	-
Sub-total	6	<u>16,862,580.96</u>	<u>16,036,709.33</u>
2. Other Charges	7	4,001,645.62	3,877,167.44
3. Central Items	3	166,950.00	117,700.00
4. Rent and Rates	4	<u>547,989.76</u>	<u>534,014.40</u>
TOTAL EXPENDITURE		<u>21,579,166.34</u>	<u>20,565,591.17</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>79,566.10</u>	<u>(238,374.72)</u>

The Annual Financial Report from pages 2 to 11 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



THE REV. WONG YUK CHEE
CHAIRMAN



MS. CHUN YUK YU
NGO HEAD

DATE : **31 OCT 2019**

DATE : **31 OCT 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**. 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	92,130.00	1,062,292.00	1,154,422.00
Provident Fund Contribution Paid during the Year	<u>(54,732.00)</u>	<u>(878,763.46)</u>	<u>(933,495.46)</u>
Surplus/ (Deficit) for the Year	37,398.00	183,528.54	220,926.54
Add : Surplus/(Deficit) b/f	8,443.00	2,641,588.43	2,650,031.43
Additional subvention received for previous year(s)	-	-	-
Less : Refund to Government	<u>(857.00)</u>	-	<u>(857.00)</u>
Surplus/(Deficit) c/f	<u>44,984.00</u>	<u>2,825,116.97</u>	<u>2,870,100.97</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 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>2018 - 2019</u>	<u>2017 - 2018</u>
<u>a. Income</u>	\$	\$
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
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	167,400.00	168,000.00
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 Wages 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	-	-
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 Visting Medical Officer for Residential Care Homes for the Elderly	-	-
One-off Subsidy for Enhanced Provision of Visting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE)	-	-
Total	<u>167,400.00</u>	<u>168,000.00</u>

	<u>2018 - 2019</u>	<u>2017 - 2018</u>
<u>b. Expenditure</u>	\$	\$
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
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	166,950.00	117,700.00
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 Wages 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	-	-
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 Visting Medical Officer for Residential Care Homes for the Elderly	-	-
One-off Subsidy for Enhanced Provision of Visting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE)	-	-
Total	<u>166,950.00</u>	<u>117,700.00</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

These 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 (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

	<u>2018 - 2019</u>	<u>2017 - 2018</u>
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	-	-
(b) Others	3,019,257.59	3,101,865.15
Total	<u>3,019,257.59</u>	<u>3,101,865.15</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:

<u>Analysis of Personal Emoluments paid under LSG</u>	<u>No of Posts</u>	\$
HK\$700,001 - HK\$800,000 p.a.	0	-
HK\$800,001 - HK\$900,000 p.a.	1	852,540.00
HK\$900,001 - HK\$1,000,000 p.a.	0	-
HK\$1,000,001 - HK\$1,100,000 p.a.	0	-
HK\$1,100,001 - HK\$1,200,000 p.a.	0	-
>HK\$1,200,000 p.a.	0	-

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>2018 - 2019</u>	<u>2017 - 2018</u>
Other Charges	\$	\$
(a) Utilities	281,131.08	276,886.52
(b) Minor Purchases	2,616.10	12,732.00
(c) Administrative Expenses	179,596.70	131,797.68
(d) Stores and Equipment	111,422.46	166,451.47
(e) Repair and Maintenance	292,128.50	260,564.20
(f) Special Allowances	-	-
(g) Programme Expenses	2,883,036.78	2,877,444.51
(h) Transportation and Travelling	19,025.00	13,221.90
(i) Insurance	86,592.86	66,400.86
(j) Miscellaneous	146,096.14	71,668.30
Total	<u>4,001,645.62</u>	<u>3,877,167.44</u>

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
Income				
Lump Sum Grant	18,033,992.00	-	-	18,033,992.00
Fee Income	38,740.00	-	-	38,740.00
Other Income	3,019,257.59	-	-	3,019,257.59
Interest Received (Note (1))	1,393.85	-	-	1,393.85
Rent and Rates	-	397,949.00	-	397,949.00
Central Items	-	-	167,400.00	167,400.00
Total Income (a)	21,093,383.44	397,949.00	167,400.00	21,658,732.44
Expenditure				
Personal Emoluments	16,862,580.96	-	-	16,862,580.96
Other Charges	4,001,645.62	-	-	4,001,645.62
Rent and Rates	-	547,989.76	-	547,989.76
Central Items	-	-	166,950.00	166,950.00
Total Expenditure (b)	20,864,226.58	547,989.76	166,950.00	21,579,166.34
Surplus/ (Deficit) for the Year (a) - (b)	229,156.86	(150,040.76)	450.00	79,566.10
<u>Less</u> : Surplus/ (Deficit) of Provident Fund	220,926.54	-	-	220,926.54
	8,230.32	(150,040.76)	450.00	(141,360.44)
Surplus/ (Deficit) b/f (Note (2))	5,846,980.95	(184,996.90)	881,512.17	6,543,496.22
	5,855,211.27	(335,037.66)	881,962.17	6,402,135.78
<u>Add</u> : Refund from Government	-	-	-	-
<u>Less</u> : Refund to Government :				
- Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement (Note (3))	-	-	-	-
- SWD Clawback - (194) in SWD SF/SAS/4-55/1/1	-	(107.60)	-	(107.60)
- SWD Adjustment - (4) in SWD SF/SAS/4-55/1 (028)	-	-	(5,589.00)	(5,589.00)
Surplus/ (Deficit) c/f (Note (4))	5,855,211.27	(335,145.26)	876,373.17	6,396,439.18

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 Lump Sum Grant Surplus b/f from previous years (including holding account) and all interest received in previous years should included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserves , 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 2018 to 31 March 2019

Name of Agency : Asbury Methodist Social Service (028)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the Year		Surplus b/f (Note 4) (e)	Adjustment / Surplus clawback by SWD (f)	Surplus c/f (Note 5) (g)=(e)+(a)-(d)-(f)
					Deficit (Note 3) (b)	Adjusted Deficit (d) = (b)-(c)			
1043 After School Care Project	After School Care Programmes	\$ 167,400.00	\$ 166,950.00	\$ 450.00	\$ -	N.A.	\$ 544,796.57	-	\$ 545,246.57
028P PW Post for extended 1 year in 1.4.2013-31.3.2014	Programme Workers	-	-	-	-	N.A.	331,126.60	-	331,126.60
028S CA/ PA Posts	Programme Assistants	-	-	-	-	N.A.	-	-	-
P028 Peer Counsellor	Peer Counsellor	-	-	-	-	N.A.	5,589.00	5,589.00	-
P028 Youth Ambassador	Youth Ambassador	-	-	-	-	N.A.	-	-	-
Total		167,400.00	166,950.00	450.00	-	N.A.	881,512.17	5,589.00	876,373.17

Notes:

1. The figures for the whole financial year are extracted from the payroll for March (Final) 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.(5) in SWD/S/104/2 Pt. 18 dated 20 July 2018.
 - (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 are extracted from the payroll from SWD.
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 also be included.

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the Period
from 1 April 2018 to 31 March 2019

Name of Agency : Asbury Methodist Social Service (028)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
1165 Kwai Chung ICYSC	PHE Rent (Note 3)	\$ 173,580.00	\$ 173,580.00	\$ -	\$ -
	Government Rent (Note3)	12,480.00	22,684.32	-	(10,204.32)
	Rates	31,891.00	48,547.20	-	(16,656.20)
	Total :	217,951.00	244,811.52	-	(26,860.52)
1050 Neighbourhood Elderly Centre (NEC)	PHE Rent (Note 3)	76,560.00	76,560.00	-	-
	Government Rent (Note3)	5,757.00	7,773.84	-	(2,016.84)
	Rates	16,450.00	11,936.40	4,513.60	-
	Total :	98,767.00	96,270.24	4,513.60	(2,016.84)
1045 School Social Work	PHE Rent (Note 3)	79,200.00	195,473.40	-	(116,273.40)
	Rates	2,031.00	11,434.60	-	(9,403.60)
	Total :	81,231.00	206,908.00	-	(125,677.00)
	Grand Total :	397,949.00	547,989.76	4,513.60	(154,554.36)

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.

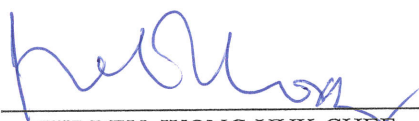
Schedule for Investment
Analysis of Investment as at 31 March 2019

Name of Agency : Asbury Methodist Social Service (028)

	2019	2018
	HK\$	HK\$
LSG Reserve as at 31 March	5,855,211.27	5,846,980.95
Represented by :		
Investments		
a. HKD Bank Account Balances	3,665,571.40	5,846,980.95
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	2,189,639.87	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	5,855,211.27	5,846,980.95

Note : The investments should be reported at historical cost.

Confirmed By: -



THE REV. WONG YUK CHEE
CHAIRMAN

Date : **31 OCT 2019**



MS. CHUN YUK YU
NGO HEAD

Date : **31 OCT 2019**

Schedule for Investment
Detailed Analysis of Bonds/Notes as at 31 March 2019

Name of Agency : Asbury Methodist Social Service (028)

Investment in HK\$ Bonds/Notes

	Issuer	Nominal Amount HK\$	Cost of Acquisition HK\$	Maturity Date	Coupon % p.a	Effective Yield % p.a.	Credit Rating	Custodian Bank
1.	N.A.							
2.								
3.								
4.								
	Total							

(Note) : The amount will be reduced in accordance with the proportion of the disposal of the investment.