

ASBURY METHODIST SOCIAL SERVICE

**AUDITORS' REVIEW REPORT AND
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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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 2020 and have issued an unqualified independent auditor’s report thereon dated **30 OCT 2020**

We conducted our review of the attached Annual Financial Report on pages 2 to 11 of the Agency for the year ended 31 March 2020 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 2020:

- 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 2020.

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



STELLA L. Y. HO & COMPANY
Certified Public Accountants

Hong Kong, **30 OCT 2020**

ANNUAL FINANCIAL REPORT
NGO : ASBURY METHODIST SOCIAL SERVICE (028)
1 APRIL 2019 TO 31 MARCH 2020


	Notes	2019 - 2020 \$	2018 - 2019 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	21,719,907.00	16,879,570.00
b. Provident Fund	1c	1,438,416.00	1,154,422.00
2. Fee Income	2	22,117.00	38,740.00
3. Central Items	3	156,600.00	167,400.00
4. Rent and Rates	4	423,412.00	397,949.00
5. Other Income	5	2,729,360.37	3,019,257.59
6. Interest Received		49,289.05	1,393.85
TOTAL INCOME		<u>26,539,101.42</u>	<u>21,658,732.44</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		18,800,032.50	15,929,085.50
b. Provident Fund	1c	1,086,407.36	933,495.46
c. Allowances		-	-
Sub-total	6	<u>19,886,439.86</u>	<u>16,862,580.96</u>
2. Other Charges	7	4,745,918.26	4,001,645.62
3. Central Items	3	118,350.00	166,950.00
4. Rent and Rates	4	<u>484,143.04</u>	<u>547,989.76</u>
TOTAL EXPENDITURE		<u>25,234,851.16</u>	<u>21,579,166.34</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>1,304,250.26</u>	<u>79,566.10</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.



THE REV. WONG YUK CHEE
CHAIRMAN

DATE: 30 OCT 2020



MS. CHUN YUK YU
NGO HEAD

DATE: 30 OCT 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>	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	57,618.00	1,380,798.00	1,438,416.00
Provident Fund Contribution Paid during the Year	<u>(57,621.00)</u>	<u>(1,028,786.36)</u>	<u>(1,086,407.36)</u>
Surplus/ (Deficit) for the Year	(3.00)	352,011.64	352,008.64
<u>Add</u> : Surplus/ (Deficit) b/f	44,984.00	2,825,116.97	2,870,100.97
PF Adjustment for Previous Year	(3,786.00)	1,109.00	(2,677.00)
Transfer from Snapshot Staff to 6.8% and Other Posts (SWD Adjustment - SF/SAS/4-65/11(028)II)	(3,800.00)	3,800.00	-
<u>Less</u> : Refund to Government	-	-	-
Surplus/(Deficit) c/f	<u>37,395.00</u>	<u>3,182,037.61</u>	<u>3,219,432.61</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>2019 - 2020</u>	<u>2018 - 2019</u>
<u>a. Income</u>	\$	\$
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		
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	156,600.00	167,400.00
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 - Subsidy for Incentive Payment		
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)		
Child Care Training for Grandparents		
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		
Total	<u>156,600.00</u>	<u>167,400.00</u>

<u>b. Expenditure</u>	<u>2019 - 2020</u>	<u>2018 - 2019</u>
	\$	\$
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		
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	118,350.00	166,950.00
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 - Subsidy for Incentive Payment		
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)		
Child Care Training for Grandparents		
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		
Total	<u>118,350.00</u>	<u>166,950.00</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 is as follows:

	<u>2019 - 2020</u>	<u>2018 - 2019</u>
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	-	-
(b) Others	<u>2,729,360.37</u>	<u>3,019,257.59</u>
Total	<u>2,729,360.37</u>	<u>3,019,257.59</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>	<u>\$</u>
HK\$700,001 - HK\$800,000 p.a.	0	0.00
HK\$800,001 - HK\$900,000 p.a.	0	0.00
HK\$900,001 - HK\$1,000,000 p.a.	1	921,497.00
HK\$1,000,001 - HK\$1,100,000 p.a.	0	0.00
HK\$1,100,001 - HK\$1,200,000 p.a.	0	0.00
>HK\$1,200,000 p.a.	0	0.00

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>2019 - 2020</u>	<u>2018 - 2019</u>
<u>Other Charges</u>	<u>\$</u>	<u>\$</u>
(a) Utilities	297,199.91	281,131.08
(b) Minor Purchases	1,320.00	2,616.10
(c) Administrative Expenses	329,047.05	179,596.70
(d) Stores and Equipment	114,059.95	111,422.46
(e) Repair and Maintenance	307,776.70	292,128.50
(f) Special Allowances	-	-
(g) Programme Expenses	3,400,568.21	2,883,036.78
(h) Transportation and Travelling	13,094.70	19,025.00
(i) Insurance	103,888.13	86,592.86
(j) Miscellaneous	<u>178,963.61</u>	<u>146,096.14</u>
Total	<u>4,745,918.26</u>	<u>4,001,645.62</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	23,158,323.00	-	-	23,158,323.00
Fee Income	22,117.00	-	-	22,117.00
Other Income	2,729,360.37	-	-	2,729,360.37
Interest Received (Note (1))	49,289.05	-	-	49,289.05
Rent and Rates	-	423,412.00	-	423,412.00
Central Items	-	-	156,600.00	156,600.00
Total Income (a)	25,959,089.42	423,412.00	156,600.00	26,539,101.42
Expenditure				
Personal Emoluments	19,886,439.86	-	-	19,886,439.86
Other Charges	4,745,918.26	-	-	4,745,918.26
Rent and Rates	-	484,143.04	-	484,143.04
Central Items	-	-	118,350.00	118,350.00
Total Expenditure (b)	24,632,358.12	484,143.04	118,350.00	25,234,851.16
Surplus/ (Deficit) for the Year (a) - (b)	1,326,731.30	(60,731.04)	38,250.00	1,304,250.26
<u>Less</u> : Surplus/ (Deficit) of Provident Fund	352,008.64	-	-	352,008.64
	974,722.66	(60,731.04)	38,250.00	952,241.62
Surplus/ (Deficit) b/f (Note (2))	5,855,211.27	(335,145.26)	876,373.17	6,396,439.18
	6,829,933.93	(395,876.30)	914,623.17	7,348,680.80
<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 Infirmary Care Supplement (Note (3))	-	-	-	-
- SWD Clawback - SWD SF/SAS/4-55/1/(028)	-	(4,513.60)	-	(4,513.60)
- SWD Recovery of subvention surpluses 2010/11 or before	-	-	(331,126.60)	(331,126.60)
Surplus/ (Deficit) c/f (Note (4))	6,829,933.93	(400,389.90)	583,496.57	7,013,040.60

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 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, 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 2019 to 31 March 2020

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 5) (e)	Refund to Government (f)	Surplus c/f (Note 6) (g)=(e)+(a)-(c)-(f)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d) = (b)-(c)			
1043 After School Care Project	After School Care Programmes	\$ 156,600.00	\$ 118,350.00	\$ 38,250.00	\$ 0.00	N.A.	0.00	\$ 545,246.57	0.00	\$ 583,496.57
028P PW Post for extended 1 year in 1.4.2013-31.3.2014	Programme Workers	0.00	0.00	0.00	0.00	N.A.	0.00	331,126.60	331,126.60	0.00
Total		156,600.00	118,350.00	38,250.00	0.00	0.00	0.00	876,373.17	331,126.60	583,496.57

Notes:

1. The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advice(s) issued by the Treasury of the financial)
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.e. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD/S/104/2 Pt. 18 dated 4 March 2020.
 - (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 / remittance advice no. are extracted from the payroll from SWD and remittance advice from the Treasury respectively.
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 2019 to 31 March 2020

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)	\$ 186,204.00	\$ 186,204.00	\$ -	\$ -
	Government Rent (Note3)	12,755.00	24,693.84	-	(11,938.84)
	Rates	32,593.00	38,373.21	-	(5,780.21)
	Total :	231,552.00	249,271.05	-	(17,719.05)
1050 Neighbourhood Elderly Centre (NEC)	PHE Rent (Note 3)	82,128.00	82,128.00	-	-
	Government Rent (Note3)	5,884.00	8,462.50	-	(2,578.50)
	Rates	16,812.00	13,901.49	2,910.51	-
	Total :	104,824.00	104,491.99	2,910.51	(2,578.50)
1045 School Social Work	PHE Rent (Note 3)	84,960.00	123,900.00	-	(38,940.00)
	Rates	2,076.00	6,480.00	-	(4,404.00)
	Total :	87,036.00	130,380.00	-	(43,344.00)
	Grand Total :	423,412.00	484,143.04	2,910.51	(63,641.55)

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 2020

Name of Agency : Asbury Methodist Social Service (028)

	2020 <u>HK\$</u>	2019 <u>HK\$</u>
LSG Reserve as at 31 March	6,829,933.93	5,855,211.27
Represented by :		
Investments		
a. HKD Bank Account Balances	4,602,190.79	3,665,571.40
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	2,227,743.14	2,189,639.87
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	<u>6,829,933.93</u>	<u>5,855,211.27</u>


Note : The investments should be reported at historical cost.

Confirmed By: -



THE REV. WONG YUK CHEE
CHAIRMAN

Date : 30 OCT 2020



MS. CHUN YUK YU
NGO HEAD

Date : 30 OCT 2020

Schedule for Investment
Detailed Analysis of Bonds/Notes as at 31 March 2020

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.

