

ANNUAL FINANCIAL REPORT

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG1 APRIL 2016 to 31 MARCH 2017

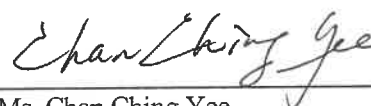
	<u>Notes</u>	<u>Total</u> <u>2016-17</u> \$	<u>Total</u> <u>2015-16</u> \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	178,324,397.00	170,107,456.00
b. Provident Fund	1c	16,805,161.00	16,405,254.00
2. Special One-off Grant		-	-
3. Fee Income	2	10,230,228.30	9,238,802.93
4. Central Items	3	20,849,082.00	16,879,762.00
5. Rent and Rates	4	9,184,987.00	6,173,799.00
6. Other Income	5	27,214,864.02	25,884,588.27
7. Interest Received		501,033.02	748,718.72
TOTAL INCOME		<u>263,109,752.34</u>	<u>245,438,380.92</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		189,763,278.86	175,854,962.83
b. Provident Fund	1c	16,138,355.83	15,048,279.20
c. Allowances		131,620.00	149,444.60
Sub-total	6	<u>206,033,254.69</u>	<u>191,052,686.63</u>
2. Other Charges	7	35,050,275.98	35,339,327.68
3. Central Items	3	12,845,714.55	5,496,243.62
4. Rent and Rates	4	7,729,268.11	6,761,386.58
5. Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		<u>261,658,513.33</u>	<u>238,649,644.51</u>
C. SURPLUS FOR THE YEAR	8	1,451,239.01	6,788,736.41

The Annual Financial Report from pages [2] to [8] has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



Mr. Kwok Kang Ming
Chairman
Evangelical Lutheran Church Social Service -
Hong Kong

Date: 23 October 2017



Ms. Chan Ching Yee
Chief Executive
Evangelical Lutheran Church Social Service -
Hong Kong

Date: 23 October 2017

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017
 (Expressed in Hong Kong dollars)

1. Lump Sum Grant

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** like 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. Please note that the PF received and contributed for staff under the Central Items have been shown under 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	8,010,970.00	8,794,191.00	16,805,161.00
Provident Fund Contribution			
Paid during the Year	(7,393,792.19)	(8,744,563.64)	(16,138,355.83)
Surplus for the Year	617,177.81	49,627.36	666,805.17
Add : Surplus b/f	1,702,040.35	14,497,643.41	16,199,683.76
Transfer from 6.8% and other posts to Snapshot Staff as per SWD's letter of 26-01-2017 under ref.(46) in SWD SF/SAS/4-65/46(206) and 08-05-2017 under ref. SWD SF/SI/4-65/46(206) I	47,073.59	(47,073.59)	-
Transfer to LSG Reserve as per SWD's letter of 26-01-2017 under ref.(46) in SWD SF/SAS/4-65/46(206)	-	(6,406.00)	(6,406.00)
Less : Refund to Government	(561,339.00)	-	(561,339.00)
Surplus c/f	1,804,952.75	14,493,791.18	16,298,743.93

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.

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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 othe 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:

	<u>2016-17</u>	<u>2015-16</u>
	\$	\$
a. Income		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmiry Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	674,506.00	644,672.00
Dementia Supplement for Residential Elderly Services (next financial year)	138,754.00	124,270.00
Infirmiry Care Supplement for Residential Elderly Services	2,087,748.00	2,532,651.00
Infirmiry Care Supplement for Residential Elderly Services (next financial year)	335,550.00	579,207.00
Dementia Supplement for Day Care Centres/units for the Elderly	284,748.00	272,159.00
After School Care Programme	441,000.00	321,750.00
Time-defined Subsidy Scheme for Extended Hours Service Users	17,576.00	103,853.00
Training Subsidy under Training Scheme for child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	60,000.00	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	540,000.00	-
Time-defined Subsidy Scheme for Occasional Child Care Service	53,000.00	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	1,231,200.00	1,231,200.00
Navigation Scheme for Young Persons in Care Services - Training Cost	14,985,000.00	11,070,000.00
Total	<u>20,849,082.00</u>	<u>16,879,762.00</u>

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- 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 othe 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:

	<u>2016-17</u>	<u>2015-16</u>
	\$	\$
b. Expenditure		
Dementia Supplement for Residential Elderly Services	846,263.96	707,191.25
Infirmity Care Supplement for Residential Elderly Services	2,667,288.73	2,984,000.58
Dementia Supplement for Day Care Centres/units for the Elderly	284,878.48	272,196.06
After School Care Programme	515,375.54	376,447.60
Time-defined Subsidy Scheme for Extended Hours Service Users	5,600.00	10,400.00
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC	-	16,229.00
Training Subsidy under Training Scheme for child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	14,700.00	15,000.00
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	380,000.00
Navigation Scheme for Young Persons in Care Services - Operating Expenses	815,049.74	331,266.63
Navigation Scheme for Young Persons in Care Services - Training Cost	7,696,558.10	403,512.50
Total	<u>12,845,714.55</u>	<u>5,496,243.62</u>

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- 4. Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditures on rent and rates in respect of premises not recognised by SWD have not been included in AFR.
- 5. Other Income** This include 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:

	2016-17	2015-16
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	27,214,864.02	25,884,588.27
(b) Others	-	-
Total	27,214,864.02	25,884,588.27

- 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.	13	9,858,587.03
HK\$800,001 - HK\$900,000 p.a.	26	22,602,262.82
HK\$900,001 - HK\$1,000,000 p.a.	4	3,792,653.95
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,012,540.50
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,177,053.75
>HK\$1,200,000 p.a.	3	3,824,263.50

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7. Other Charges

The breakdown on Other Charges is as follows:

	<u>2016-17</u>	<u>2015-16</u>
	\$	\$
Other Charges		
(a) Utilities	3,164,910.09	3,148,868.90
(b) Food	4,191,127.30	4,424,070.66
(c) Administrative Expenses	1,283,729.86	1,288,612.23
(d) Stores and Equipment	1,810,082.17	2,057,134.86
(e) Repair and Maintenance	879,540.20	948,033.00
(f) Special Allowances	20,505.00	21,130.00
(g) Programme Expenses	15,467,598.02	15,121,895.27
(h) Transportation and Travelling	1,315,605.15	1,480,680.73
(i) Insurance	1,311,553.87	1,081,830.23
(j) Miscellaneous		
-Cost of Sales	45,972.66	41,214.74
-Hire of Services	99,990.00	99,285.00
-Hire of Medical Service	1,052,440.00	1,210,346.00
-Information Technology Expenses	1,451,372.03	1,870,856.41
-Others	2,955,849.63	2,545,369.65
Total	<u>35,050,275.98</u>	<u>35,339,327.68</u>

7a. Special One-off Grant Payments

Details of Special One-off Grant Payments are as follows:

	<u>2016-17</u>	<u>2015-16</u>
	\$	\$
Special one-off Grant Payments		
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	<u>-</u>	<u>-</u>

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8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	195,129,558.00	-	-	-	195,129,558.00
Special One-off Grant	-	-	-	-	-
Fee Income	10,230,228.30	-	-	-	10,230,228.30
Other Income	27,214,864.02	-	-	-	27,214,864.02
Interest Received (Note (1))	501,033.02	-	-	-	501,033.02
Rent and Rates	-	-	9,184,987.00	-	9,184,987.00
Central Items	-	-	-	20,849,082.00	20,849,082.00
Total Income (a)	233,075,683.34	-	9,184,987.00	20,849,082.00	263,109,752.34
Expenditure					
Personal Emoluments	206,033,254.69	-	-	-	206,033,254.69
Other Charges	35,050,275.98	-	-	-	35,050,275.98
Rent and Rates	-	-	7,729,268.11	-	7,729,268.11
Central Items	-	-	-	12,845,714.55	12,845,714.55
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	241,083,530.67	-	7,729,268.11	12,845,714.55	261,658,513.33
Surplus/(Deficit) for the Year (a) - (b)	(8,007,847.33)	-	1,455,718.89	8,003,367.45	1,451,239.01
Less: Surplus of Provident Fund	666,805.17	-	-	-	666,805.17
Surplus/(Deficit) b/f (Note (2))	(8,674,652.50)	-	1,455,718.89	8,003,367.45	784,433.84
	73,306,037.58	-	(2,250,964.99)	12,798,049.36	83,853,121.95
Less: Refund to Government	64,631,385.08	-	(795,246.10)	20,801,416.81	84,637,555.79
- per SWD's letter of 20.12.2016 under ref. SWD SF/SA/4-65/(206)	-	-	(6,763.00)	-	(6,763.00)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary for Residential Elderly Services (Note (3))	(31,900.61)	-	-	31,900.61	-
Transfer to/(from) LSG Reserve					
- per SWD's letter of 09.11.2015 under ref. (50)SWD SF/SAS/4-65/47(208)	6,406.00	-	-	-	6,406.00
- per SWD's letter of 08.05.2017 under ref. SWD SF/SI/4-65/46(206)I	1,600.70	-	(1,600.70)	-	-
- to adjust Surplus b/f from NGO no. 208	(4,900.00)	-	4,900.00	-	-
Deficit borne by agency as follows:					
- Dementia Supplement for Residential Elderly Services	-	-	-	15,921.08	15,921.08
- Dementia Supplement for Day Care Centres/Units for the Elderly	-	-	-	130.48	130.48
- 2013/2014 Programme Assistants / Care Assistant (Permanent) - Rehabilitation Medical and Social Services	-	-	-	(1,936.34)	(1,936.34)
Surplus/(Deficit) c/f (Note (4))	64,602,591.17	-	(798,709.80)	20,847,432.64	84,651,314.01

Note:

- (1) All the interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant is included as one item under LSG, and the item is considered as part of LSG reserve.
- (2) Accumulated balance of Lump Sum Grant Surplus b/f from previous years and all interest received in previous years are 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 Supplementary, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserve (i.e. S) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.