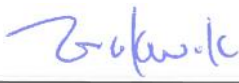


ANNUAL FINANCIAL REPORT

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG1 APRIL 2018 to 31 MARCH 2019

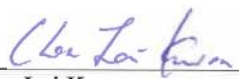
	<u>Notes</u>	<u>Total</u> <u>2018-19</u> \$	<u>Total</u> <u>2017-18</u> \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	201,275,318.00	184,551,947.00
b. Provident Fund	1c	18,195,435.00	17,233,340.00
2. Fee Income	2	10,030,060.61	10,695,474.70
3. Central Items	3	5,193,642.00	6,013,792.00
4. Rent and Rates	4	7,921,447.00	8,220,227.00
5. Other Income	5	46,509,726.10	39,394,209.39
6. Interest Received		1,140,384.84	600,353.92
TOTAL INCOME		<u>290,266,013.55</u>	<u>266,709,344.01</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		213,077,284.90	198,152,756.71
b. Provident Fund	1c	17,143,305.86	16,303,740.83
c. Allowances		157,384.04	134,089.83
Sub-total	6	<u>230,377,974.80</u>	<u>214,590,587.37</u>
2. Other Charges	7	44,044,953.01	40,469,091.70
3. Central Items	3	9,701,724.58	15,730,674.44
4. Rent and Rates	4	7,905,607.23	7,860,139.10
TOTAL EXPENDITURE		<u>292,030,259.62</u>	<u>278,650,492.61</u>
C. DEFICIT FOR THE YEAR	8	(1,764,246.07)	(11,941,148.60)

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: 28th October, 2019



Ms. Chan Lai Kwan
Chief Executive
Evangelical Lutheran Church Social Service -
Hong Kong

Date: 28th October, 2019

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019
(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. The Provident Fund 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	7,779,260.00	10,416,175.00	18,195,435.00
Provident Fund Contribution Paid during the Year	(7,174,547.22)	(9,968,758.64)	(17,143,305.86)
Surplus for the Year	604,712.78	447,416.36	1,052,129.14
Add : Surplus b/f	1,413,146.90	15,072,080.95	16,485,227.85
Add : Additional subvention received for previous year	-	128,711.00	128,711.00
Less : Refund to Government	(617,178.00)		(617,178.00)
Surplus c/f	1,400,681.68	15,648,208.31	17,048,889.99

- 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.

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019
(Expressed in Hong Kong dollars)

- 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>2018-19</u>	<u>2017-18</u>
	\$	\$
a. Income		
Dementia Supplement for Residential Elderly Services	882,623.00	857,412.00
Infirmary Care Supplement for Residential Elderly Services	2,336,337.00	2,605,860.00
Dementia Supplement for Day Care Centres/units for the Elderly	186,906.00	363,144.00
After School Care Programme - Fee Waiving Subsidy Scheme	637,200.00	586,800.00
Time-defined Subsidy Scheme for Extended Hours Service Users	17,576.00	17,576.00
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	1,080,000.00	270,000.00
Time-defined Subsidy Scheme for Occasional Child Care Service Users	53,000.00	53,000.00
Navigation Scheme for Young Persons in Care Services - Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services - Training Cost	-	945,000.00
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	315,000.00
Total	<u>5,193,642.00</u>	<u>6,013,792.00</u>

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019
(Expressed in Hong Kong dollars)

- 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>2018-19</u>	<u>2017-18</u>
	\$	\$
b. Expenditure		
Dementia Supplement for Residential Elderly Services	1,020,069.75	999,218.40
Infirmity Care Supplement for Residential Elderly Services	2,337,502.69	2,988,770.13
Dementia Supplement for Day Care Centres/units for the Elderly	234,982.67	363,463.72
After School Care Programme - Fee Waiving Subsidy Scheme	468,000.00	522,312.00
Time-defined Subsidy Scheme for Extended Hours Service Users	5,920.00	4,320.00
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	270,000.00	270,000.00
Time-defined Subsidy Scheme for Occasional Child Care Service Users	-	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	490,141.87	825,882.09
Navigation Scheme for Young Persons in Care Services - Training Cost	4,875,107.60	9,619,708.10
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	137,000.00
Total	<u>9,701,724.58</u>	<u>15,730,674.44</u>

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019
 (Expressed in Hong Kong dollars)

- 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:

	2018-19	2017-18
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	46,509,726.10	39,394,209.39
(b) Others	-	-
Total	46,509,726.10	39,394,209.39

- 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.	15	11,255,828.70
HK\$800,001 - HK\$900,000 p.a.	13	11,132,918.84
HK\$900,001 - HK\$1,000,000 p.a.	20	18,958,290.52
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,082,070.00
HK\$1,100,001 - HK\$1,200,000 p.a.	2	2,250,107.25
>HK\$1,200,000 p.a.	4	5,575,813.50

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019
 (Expressed in Hong Kong dollars)

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>2018-19</u>	<u>2017-18</u>
	\$	\$
Other Charges		
(a) Utilities	3,285,917.23	3,126,176.84
(b) Food	6,457,671.35	4,583,189.68
(c) Administrative Expenses	1,605,015.82	1,357,175.84
(d) Stores and Equipment	2,144,521.68	2,240,708.58
(e) Repair and Maintenance	975,400.99	814,210.44
(f) Special Allowances	15,070.00	20,130.00
(g) Programme Expenses	18,956,256.41	19,201,533.27
(h) Transportation and Travelling	1,398,352.97	1,321,859.17
(i) Insurance	1,533,817.13	1,403,995.16
(j) Miscellaneous		
-Cost of Sales	23,513.24	12,487.42
-Hire of Services	117,246.00	104,567.50
-Hire of Medical Service	1,812,233.00	1,143,962.00
-Information Technology Expenses	2,051,163.77	1,853,589.23
-Others	3,668,773.42	3,285,506.57
Total	<u>44,044,953.01</u>	<u>40,469,091.70</u>

EVANGELICAL LUTHERAN CHURCH SOCIAL SERVICE - HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019
(Expressed in Hong Kong dollars)

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	219,470,753.00	-	-	219,470,753.00
Fee Income	10,030,060.61	-	-	10,030,060.61
Other Income	46,509,726.10	-	-	46,509,726.10
Interest Received (Note (1))	1,140,384.84	-	-	1,140,384.84
Rent and Rates	-	7,921,447.00	-	7,921,447.00
Central Items	-	-	5,193,642.00	5,193,642.00
Total Income (a)	277,150,924.55	7,921,447.00	5,193,642.00	290,266,013.55
Expenditure				-
Personal Emoluments	230,377,974.80	-	-	230,377,974.80
Other Charges	44,044,953.01	-	-	44,044,953.01
Rent and Rates	-	7,905,607.23	-	7,905,607.23
Central Items	-	-	9,701,724.58	9,701,724.58
Total Expenditure (b)	274,422,927.81	7,905,607.23	9,701,724.58	292,030,259.62
Surplus/(Deficit) for the Year (a) - (b)	2,727,996.74	15,839.77	(4,508,082.58)	(1,764,246.07)
<u>Less</u> : Surplus of Provident Fund	1,052,129.14	-	-	1,052,129.14
	1,675,867.60	15,839.77	(4,508,082.58)	(2,816,375.21)
Surplus/(Deficit) b/f (Note (2))	61,038,225.41	(485,388.63)	10,676,533.45	71,229,370.23
<u>Less</u> : Refund to Government	62,714,093.01	(469,548.86)	6,168,450.87	68,412,995.02
- per SWD's letter of 30-11-2018 under ref. (217) in SWD SF/SAS/4-55/1/1(206) (R&R/ ECCSS/ EHSU/ OCCSU/ VMP)		(21,545.00)	(244,256.00)	-
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement (Note (3))	(40,971.99)	-	40,971.99	-
Deficit borne by agency as follows:				
- Dementia Supplement for Day Care Centres/Units for the Elderly	-	-	145,717.12	145,717.12
Surplus/(Deficit) c/f (Note (4))	62,673,121.02	(491,093.86)	6,110,883.98	68,292,911.14

Note :

- (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 Infirmiry 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.