

**(FOR SOCIAL WELFARE DEPARTMENT INFORMATION PURPOSE ONLY)**

**HONG KONG - MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**CONTENTS**

	<b>Pages</b>
Review report to the Management Board	1
Annual financial report	2
Notes on the annual financial report	3 - 7

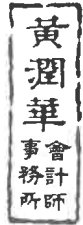


**FRANK WONG & CO.**

Certified Public Accountants, Hong Kong

PARTNERS  
FRANK WONG  
FCCA, FCPA (Practising)  
BELLA CHAN  
FCCA, CPA (Practising)

合夥人：  
黃潤華會計師  
陳淑玲會計師



## Review report to the Management Board of

### Hong Kong – Macao Conference of Seventh-day Adventists (“the Charity”)

We have audited the financial statements of the Charity for the year ended 31st March, 2018 and have issued an unqualified auditors’ report thereon dated 4th September, 2018.

We conducted our review of the attached Annual Financial Report on pages 2 to 7 of the Charity for the year ended 31st March, 2018 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 Charity, on which the above audited financial statements of the Charity 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 Charity for the year ended 31st March, 2018.

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Charity; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Charity has not:
  - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Tide-over 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 Tide-over Grant and Provident Fund arrangements during the year ended 31st March, 2018.

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.

*Frank Wong & Co.*  
Frank Wong & Co.  
Certified Public Accountants  
Hong Kong, Date: - 4 SEP 2018

## ANNUAL FINANCIAL REPORT

### NGO: HONG KONG-MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS

(1 April 2017 to 31 March 2018)

	Notes	2017-18 \$	2016-17 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	12,691,987.00	12,330,744.00
b. Provident Fund	1c	821,213.00	797,782.00
2. Special One-off Grant		-	-
3. Fee Income	2	35,568.00	38,551.00
4. Central Items	3	118,050.00	96,750.00
5. Rent and Rates	4	881,739.00	878,952.00
6. Other Income	5	1,622,404.58	1,166,151.94
7. Interest Received		1,096.66	835.68
<b>TOTAL INCOME</b>		<b>16,172,058.24</b>	<b>15,309,766.62</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		11,734,096.75	11,250,223.21
b. Provident Fund	1c	667,945.48	629,637.16
c. Allowances		-	-
Sub-total	6	12,402,042.23	11,879,860.37
2. Other Charges	7	2,309,591.12	2,038,598.90
3. Central Items	3	271,257.54	204,988.20
4. Rent and Rates	4	1,012,144.00	908,971.90
5. Special One-off Grant Payments	7a	-	-
<b>TOTAL EXPENDITURE</b>		<b>15,995,034.89</b>	<b>15,032,419.37</b>
<b>C. SURPLUS FOR THE YEAR</b>	<b>8</b>	<b>177,023.35</b>	<b>277,347.25</b>

The Annual Financial Report from pages 2 to 7 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



CHAIRMAN

DATE: -4 SEP 2018

SIGNATURE



NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: -4 SEP 2018

## 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 3.

Details are analysed below :

	Snapshot Staff	6.8% and Other Posts	Total
<u>Provident Fund Contribution</u>	\$	\$	\$
Subvention Received	-	821,213.00	821,213.00
Provident Fund Contribution Paid during the Year	-	667,945.48	667,945.48
Surplus/ (Deficit) for the Year	-	153,267.52	153,267.52
<b>Add</b> : Surplus/ (Deficit) b/f Additional subvention received for previous year(s)	-	1,305,063.61	1,305,063.61
<b>Less</b> : Refund to Government	-	-	-
<b>Surplus/ (Deficit) c/f</b>	-	<b>1,458,331.13</b>	<b>1,458,331.13</b>

**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 The Provident Fund received and contributed for staff under the Central Items have been received and contribution 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:

	2017-18	2016-17
<b>a. Income</b>	\$	\$
After School Care Programme	118,050.00	96,750.00
<b>Total</b>	<b>118,050.00</b>	<b>96,750.00</b>
<b>b. Expenditure</b>		
After School Care Programme	271,257.54	204,988.20
<b>Total</b>	<b>271,257.54</b>	<b>204,988.20</b>

- 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 recognized 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 (paragraph 2.29 of LSG Mannual (October 2016) is as follows:

<b>Other Income</b>	<b>2017-18</b>	<b>2016-17</b>
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	1,542,194.80	1,114,751.50
(b) Others	80,209.78	51,400.44
<b>Total</b>	<u><b>1,622,404.58</b></u>	<u><b>1,166,151.94</b></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:

<b>Analysis of Personal Emoluments paid under LSG</b>	<b>No of Posts</b>	<b>\$</b>
HK\$700,001 - HK\$800,000 p.a.	1	745,352.42
HK\$800,001 - HK\$900,000 p.a.	-	-
HK\$900,001 - HK\$1,000,000 p.a.	-	-
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:

	2017-18	2016-17
	\$	\$
<b>Other Charges</b>		
(a) Utilities	147,247.50	143,464.90
(b) Food	-	-
(c) Administrative Expenses	129,791.27	125,561.20
(d) Stores and Equipment	93,404.90	92,438.17
(e) Repair and Maintenance	166,444.00	94,361.00
(f) Special Allowances	-	-
(g) Programme Expenses	1,556,023.18	1,319,371.89
(h) Transportation and Travelling	21,099.20	28,421.50
(i) Insurance	149,025.57	149,362.88
(j) Miscellaneous	46,555.50	85,617.36
<b>Total</b>	<b>2,309,591.12</b>	<b>2,038,598.90</b>

### 7a. Special One-off Grant Payments

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

	2017-18	201617
	\$	\$
<b>Special One-off Grant Payments</b>		
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
<b>Income</b>					
Lump Sum Grant	13,513,200.00	0.00	0.00	0.00	13,513,200.00
Special One-off Grant	0.00	0.00	0.00	0.00	0.00
Fee Income	35,568.00	0.00	0.00	0.00	35,568.00
Other Income	1,622,404.58	0.00	0.00	0.00	1,622,404.58
Interest Received (Note (1))	1,096.66	0.00	0.00	0.00	1,096.66
Rent and Rates	0.00	0.00	881,739.00	0.00	881,739.00
Central Items	0.00	0.00	0.00	118,050.00	118,050.00
<b>Total Income (a)</b>	<b>15,172,269.24</b>	<b>0.00</b>	<b>881,739.00</b>	<b>118,050.00</b>	<b>16,172,058.24</b>
<b>Expenditure</b>					
Personal Emoluments	12,402,042.23	0.00	0.00	0.00	12,402,042.23
Other Charges	2,309,591.12	0.00	0.00	0.00	2,309,591.12
Rent and Rates	0.00	0.00	1,012,144.00	0.00	1,012,144.00
Central Items	0.00	0.00	0.00	271,257.54	271,257.54
Special One-off Grant Payments	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditure (b)</b>	<b>14,711,633.35</b>	<b>0.00</b>	<b>1,012,144.00</b>	<b>271,257.54</b>	<b>15,995,034.89</b>
<b>Surplus/(Deficit) for the Year (a) - (b)</b>	<b>460,635.89</b>	<b>0.00</b>	<b>(130,405.00)</b>	<b>(153,207.54)</b>	<b>177,023.35</b>
<u>Less</u> : Surplus of Provident Fund	153,267.52	0.00	0.00	0.00	153,267.52
	307,368.37	0.00	(130,405.00)	(153,207.54)	23,755.83
<b>Surplus/ (Deficit) b/f (Note (2))</b>	<b>3,042,288.19</b>	<b>0.00</b>	<b>(22,255.50)</b>	<b>0.00</b>	<b>3,020,032.69</b>
<u>Less</u> : Refund to Government	3,349,656.56	0.00	(152,660.50)	(153,207.54)	3,043,788.52
-Clawback NEC and SK R&R 15/16 Ref.:(31) in SWD SF/SAS/4-55/1/I			(7,764.00)		(7,764.00)
-Clawback NEC and SK Rate 16/17 Ref.:(94) in SWD SF/SAS/4-55/1/II			(3,256.10)		(3,256.10)
-Clawback of LSG surplus above 25% Cap of 09/10 to 11/12 Ref.:(70) in SWD SF/SAS/4-65/91(392)	(30,219.77)				(30,219.77)
-Central Items(PA)					
<u>Add</u> : Backpaid from Government					
-SK Government Rent 16/17			2,736.00		2,736.00
-SPK Rent & Rate 16/17			30,540.00		30,540.00
<u>Less</u> : Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))					
<u>Add</u> : Central items reserve - ASCP				153,207.54	153,207.54
<b>Surplus/(Deficit) c/f (Note 4))</b>	<b>3,319,436.79</b>	<b>0.00</b>	<b>(130,404.60)</b>	<b>0.00</b>	<b>3,189,032.19</b>

**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 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 reserve, 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.